

Smuggling Glasnost to East In Berlin, the Wall Also Keeps Soviet Papers Out

By Serge Schmemmann New York Times Service BERLIN — On which side of the Berlin Wall can you find German-language editions of Pravda or Moscow News at almost any kiosk? On which side is it hard to find any Soviet publication, in any language? In these convoluted times, you may have guessed wrong. It is the Germans of the West who have been avidly translating and reading the organs of glasnost, or openness, and the Germans of the East, or at least their leaders, who have been doing their best to keep them out of the hands of the proletariat. This is especially true since the publication of some recent Soviet articles that have struck at the heart of East German ideology by suggesting a prewar collusion between Hitler and Stalin. In fact, the new German-language editions of Pravda and Moscow News — Pravda is translated daily in Vienna and Moscow News is published in Moscow and Bonn — are reportedly being smuggled briskly into East Germany alongside the more usual contraband of slick West German magazines. Last month, the East German authorities took the highly unusual step of formally banning a popular Soviet press digest, Sputnik. Soviet magazines and films had been censored and quietly intercepted before, but this time the ban was publicly announced in the official Communist Party newspaper, Neues Deutschland. Neues Deutschland said that Sputnik was no longer making "a contribution to the consolidation of German-Soviet friendship." Instead, it asserted, the Soviet paper was "providing distorted depictions of history." Party members said privately that the ban touched off an immediate furor. One of them said that at academic institutes there were lines of people at party secretaries' offices, demanding an explanation. Ideologists were reportedly assailed with protests at meetings with teachers and students. After the ban was imposed, back copies of Sputnik were trading at a premium on the black market, and even permitted Soviet magazines such as Ogonyok, the leading voice of glasnost, seemed to vanish before they reached the newsstands. Next, the Culture Ministry ordered five Soviet films removed from East German screens, even though they had all been featured at a festival of Soviet films in East Berlin. Then at a Central Committee See BERLIN, Page 2

Vietnam: Straining to Change

By Michael Richardson International Herald Tribune HANOI — A demobilized soldier from the People's Army of Vietnam, conqueror of French and U.S. military forces, tramps across a desert landscape on a fruitless quest for a civilian job. The cartoon is one of three satirical drawings taking up most of the front page of this month's issue of Youth Lighter, a newspaper published by the youth movement of the ruling Communist Party in Ho Chi Minh City, formerly Saigon. The fact that Vietnamese media are allowed to publish such biting criticism of the government is a measure both of the liberal changes that have been introduced in the past two years and of the frustration that many Vietnamese feel over their slow pace. Vietnam, with an estimated per capita income of \$130 a year, is one of the poorest nations in the world. Foreign aid workers say it has fallen below the level of Bangladesh, where per capita income stands at about \$160. Vietnamese officials, economists and other observers acknowledge that Vietnam is being economically outpaced by other Asian nations. Le Phuong, editor in chief of Vietnam Courier, a monthly English-language magazine published by the government, said, "We look at Singapore, South Korea, Taiwan, Hong Kong and Thailand and we see that we are far behind them in economic development." Since the end of the Vietnam War in 1975, scarce resources have been diverted from reconstruction at home into sustaining a military intervention in Cambodia. Vietnam is now withdrawing its forces from Cambodia, hoping the move will end hostilities with China and halt an economic embargo imposed by the United States, Japan and many other non-Communist countries and international financial institutions. But Mr. Phuong said that although the embargo and military pressure from China had contributed to Vietnam's economic troubles over the past decade, the party and government "admit that the situation Vietnam finds itself in is basically a Vietnamese responsibility." Vietnam, he said, needed to undergo "radical and rapid change in thinking and management practices." The history of Vietnam since reunification under Communist control after more than three decades of fighting has been one of natural disasters, political mismanagement, corruption and other abuses of power, poverty and broken ideological dreams. Nguyen Son, vice-director of the Propaganda and Information Department in the Ho Chi Minh City See VIETNAM, Page 2



Mourners gathering at the grave of a relative in the Armenian town of Spitzak, which was destroyed by the Dec. 7 earthquake.

Tragedy Opens the Closed Soviet Society

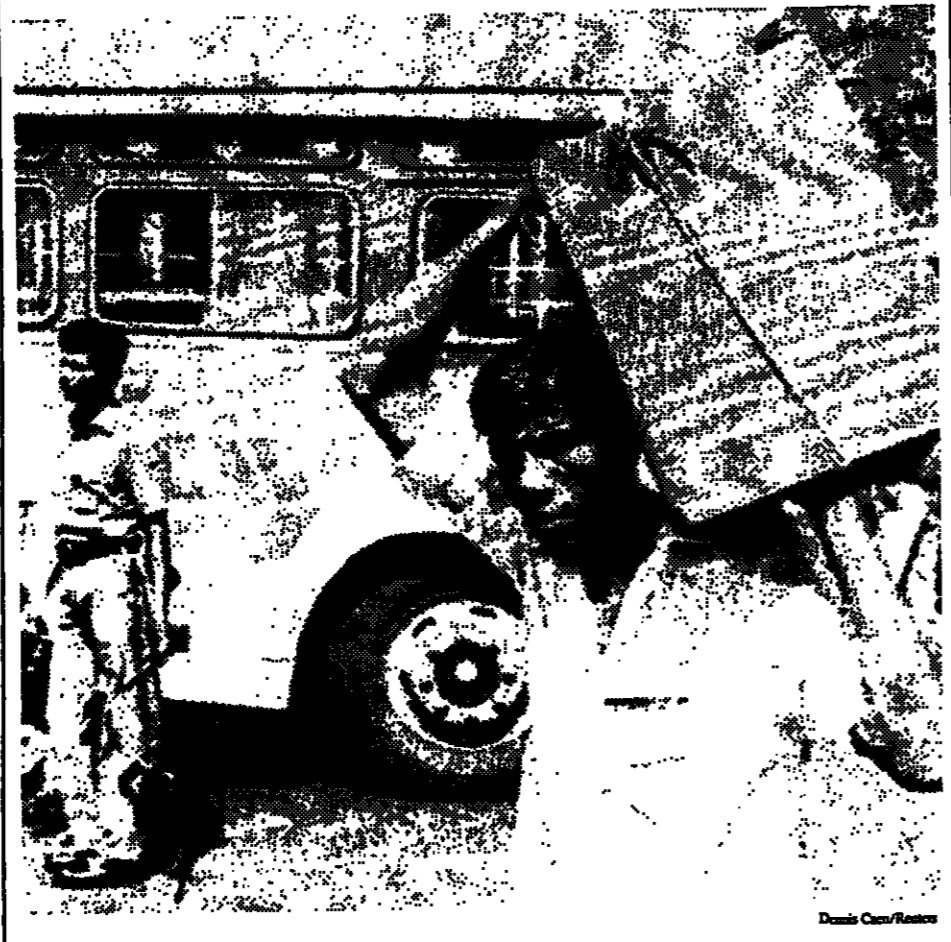
By Bill Keller New York Times Service SPITZAK, U.S.S.R. — Last Tuesday, rescue leaders from a half dozen countries convened in the green army tent that is now Spitzak's Communist Party headquarters for a tense diplomatic face-off in the middle of the most staggering misery any of them had ever seen. The Soviets announced that after six days of pulling Armenian children from collapsed kindergarten buildings and picking half-alive victims from flattened nine-story apartment blocks, it was time to give up, shoo away the grief-stricken survivors and level what little remained of the city. British, French, Austrian, Italian and other Western relief workers objected. Reports were still coming in that faint cries for help were audible in the debris. They made it clear that if the bulldozers came in too soon, what had been an unparalleled exercise in East-West emergency cooperation could become an international embarrassment for Moscow. "I thought at one time they were trying to use the rescue teams to say that no one was left alive and they could go in to begin demolishing and clearing," said Norman F. Rondell, a London fire inspector who led the opposition. "We let them know in very strong terms that we were wrong." The Soviets yielded and the gruesome dig went on until, on Thursday, the foreign contingent in Spitzak met again and agreed that it was time to start packing up. These days of death and diplomacy have exposed backwardness and inflexibility in the Soviet system that are certain to provoke months of official recriminations. But they have also seen a society long secretive about domestic tragedies, and ashamed of soliciting foreign help, open itself to the world's pity and offer to outside aid as never before. As the emergency rescue effort gives way to reconstruction, relief, demolition and rebuilding, many participants in the rescue believe that this painful time has also marked an important turning point in official Soviet attitudes to the outside world. The official death toll of the Dec. 7 quake is still put at 55,000, but many estimates are much higher. Each tortured city and village in the earthquake zone has its own special character of suffering. Spitzak, a regional center once known for its sugar factory and elevator plant, was barely recognizable as a city. In 200 seconds, it was pounded flat by the three massive jolts of the quake. Narband, a sheepherding village west of here, looked as if it had been crossed out by a colossal plow. The grade school fell in a heap, killing 500 students and teachers, leaving only a group of eighth-graders playing outside. The children in two kindergartens were also fatally engulfed in concrete and volcanic stone. Stepanavan, a city at the north- See ARMENIA, Page 7

U.S. Will Hold PLO To Pledge Officials Promise Close Monitoring Of Terrorist Acts

By David B. Ottaway Washington Post Service WASHINGTON — Two Reagan administration officials said Sunday that the United States intended to closely monitor terrorist activities to determine whether the Palestine Liberation Organization was living up to Yasser Arafat's renunciation of terrorism. Undersecretary of State Michael H. Armacost said Washington determined that the PLO must prove it was serious about its renunciation of terrorism by "disassociation and expulsion" of elements that become involved in such activities. Assistant Secretary of State Richard W. Murphy, who appeared with Mr. Armacost on an ABC News interview show, said the United States would watch terrorist activities to make sure that the PLO, an umbrella group incorporating a half dozen factions, was living up to Mr. Arafat's promise last week in Geneva. Mr. Arafat pledged Saturday in Tunis to "do all our best" to stop Palestinian terrorism. Another PLO official, Khalid Hassam, said that would not mean curtailing the violent resistance against Israel's occupation of the West Bank and Gaza Strip. Mr. Hassam's remarks and those by State Department officials reflected a new war of interpretations after the first official U.S.-PLO meeting over what exactly Mr. Arafat forewore in his carefully worded declaration in Geneva. According to PLO officials, the guerrilla organization has renounced carrying out hijackings and other forms of terrorism on civilian targets in Israel and outside of it. But they said the PLO reserves what they call an internationally recognized right to resist occupation, and would do so by carrying out attacks on Israeli occupation forces and military targets in Israel and the occupied West Bank and Gaza Strip. PLO officials have rejected the See TERROR, Page 7

Kiosk Opposition Warns Warsaw WARSAW (Reuters) — Members of the Polish opposition said Sunday that Poland might face increased political violence from radicals unless the Communist government compromised with its opponents. There have been street clashes recently between the police and anti-government protesters. A meeting of nearly 130 opposition figures established a Citizens' Committee, under the leadership of Lech Walesa, that brought together representatives of moderate opposition groups to search for solutions to Poland's problems.

MONDAY Q&A James P. Grant, the UNICEF executive director, takes stock before publication of the organization's annual report. Page 2. General News From TV shows to board games, the trend in the United States is to nastiness. Page 5. Business/Finance Borrowing ebbed in 1988, the World Bank reported, but the third World debt crisis remains. Page 9.



Sri Lankan Terrorists Attempt to Block Election Armed police guarded a workman carrying a ballot box Sunday in Colombo as preparations went forward for a presidential election on Monday. At least 20 persons were killed as leftist militants terrorized communities in an attempt to force cancellation of the voting. The government has warned that it might demand the death penalty for anyone interfering with the voters. Page 2.

U.S. and PLO: 19 Days of Push and Pull

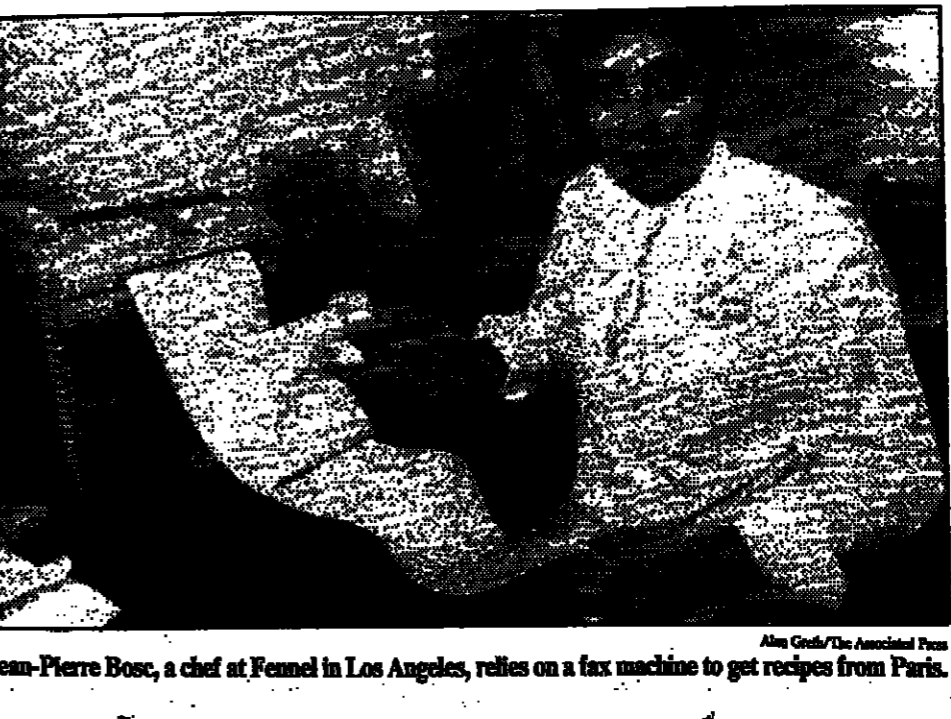
By Don Oberdorfer Washington Post Service WASHINGTON — When Yasser Arafat sent his application for a visa to the U.S. Embassy in Tunis last month, he touched off a chain of events that began with a diplomatic slap in the face and ended with the first official meeting between the United States and the Palestine Liberation Organization in more than a decade. On Nov. 26, within 24 hours of the application, Secretary of State George P. Shultz shocked nearly every nation by refusing Mr. Arafat, the PLO chairman, a visa to go to New York to address the UN General Assembly. This was an intensely personal decision for Mr. Shultz, guided by his contempt for terrorism. It was made, a close aide said, "out of his gut." But three weeks later, the secretary of state took the key role in approving the virtual U.S. diplomatic recognition of the PLO. The U.S.-PLO interaction in the last three weeks is a lesson in unpredictable consequences. In many respects, it is the diplomatic application of Newton's third law of motion: that every action generates an equal and opposite reaction. In this case, the surprising aftermath of Mr. Shultz's startling visa denial bubbled up from the Arab world through Cairo and Riyadh as well as PLO headquarters in Tunis, with precipitating events taking place in Stockholm, Geneva and Washington. Mr. Arafat's visa application had been heralded for weeks in PLO public statements and a UN diplomatic message that the PLO planned to visit New York to take part in the UN debate on Palestine. On the afternoon of Nov. 25, within hours of the application, Mr. Shultz summoned his senior aides to state their viewpoints. Opinion was divided, but the most senior aides, along with the White House national security adviser, Lieutenant General Colin L. Powell, favored issuing the visa in deference to the United Nations and Arab countries and to encourage a developing trend of PLO political moderation. Earlier the same day, Mr. Shultz had a visit from the Swedish ambassador to the United States, Count Wilhelm Wachtmeister, and two other Swedish diplomats. They told Mr. Shultz the first results of a Swedish initiative intended to advance PLO moderation on political affairs and to bring a reconciliation between the United States and the PLO in the interest of Middle East peace. Count Wachtmeister gave Mr. Shultz a statement that had been drafted and signed in secret meetings in Stockholm earlier that week by Khaled Hassam, the chairman of the PLO's Foreign Affairs Committee, and a group of American Jews headed by a New York attorney, Rita E. Hanser. The statement went further than the PLO had ever gone before toward renunciation of terrorism and explicit acceptance of Israel as a legitimate state in the Middle East. But it was not a public document, and it fell short of the unqualified declarations that Washington long had been seeking. A participant in the meeting said that Mr. Shultz was "noncommittal but interested." Another visitor to Mr. Shultz the same day was the Saudi ambassador, Prince Bandar bin Sultan, who See PLO, Page 7

U.S. Embassies on Security Alert

WASHINGTON — U.S. embassies have gone on a security alert as a precaution against possible attacks by hard-line groups opposed to U.S. contacts with the Palestine Liberation Organization, according to State Department officials. An official, who described the alert as a routine precaution, said it was "logical to be concerned" about splinter groups and radical PLO factions. The official singled out three groups: the Popular Front for the Liberation of Palestine-General Command, led by Ahmed Jibril, a former Syrian Army captain; the Popular Front for the Liberation of Palestine, led by Georges Habbash; and the Fatah-Revolutionary Command, headed by Abu Nidal, which is mainly backed by Libya. All three groups oppose Yasser Arafat, the PLO chairman. The Jibril and Habbash groups are within the PLO structure; the Abu Nidal group is outside it. The U.S. alert, announced Saturday, followed a statement in Geneva on Wednesday by Mr. Arafat that Washington said had met its conditions for opening a dialogue with the PLO. The State Department counselor, Max M. Kampelman, said Arab hard-liners opposed to any negotiated settlement might carry out terrorist attacks against a range of targets in the hope of undermining the peace process. In a television interview, Mr. Kampelman said the United States knew of "forces within the Palestinian world and the Arab world that don't like this development." "Therefore," he said, "they might engage in acts of terrorism in the hope we'll think it's PLO terrorism."

Desktop Cuisine in California: Good to the Last Byte

By Mary Blume International Herald Tribune PARIS — They are in Tokyo and Disneyland; their specialties can be extruded from their esurient assemblages. The current crop of French chefs has long global and intergalactic for so long that it's become a yawn. What other branches of the entertainment industry call a concept was needed, and here Rostang, a leading Paris restaurateur, came up with one. It might be called desktop cuisine, good to the last byte. Rostang owns a Paris restaurant that is two Michelin stars and with three other restaurants he has also, since July, a restaurant in Santa Monica, outside Los Angeles, called Fennel. But there is no really galling from one hot stove to the other. Mr. Rostang and partners send as recipes, with photographs of how a dish should look, to L.A. by fax. Faxing beats traveling. Mr. Rostang says, "I say do this or this, take a picture of the dish and the next day they are eating it in L.A." Mr. Rostang's French partners are André Genin and Yann Jaquet, of Chez Pastille and Le Toit de Passy in Paris, and Michel Chabran of Michel Chabran, near Valence. Their American partner is an entrepreneur named Mauro Vicenti, who brought Italian nuova cucina to L.A. and was narrowly dissuaded from calling the new French restaurant Apres Moi. The American side takes care of overall management, the four Frenchmen are in charge of kitchen personnel, cooking and decor. Their resident chef is Jean-Pierre Bosc. The four French chefs, handler with microchips than microwaves, are in constant communication with Santa Monica and with each other. They regard a PC as part of their batterie de cuisine. Mr. Rostang says that Fennel faxes him the sales figures every two days and each week the chef sends detailed notes on which dishes went down and which didn't. Each of the four partners spends a week every month cooking at Fennel, sufficient to insure a personal touch but not enough to be accused in France of absenteeism, like the renowned Paul Bocuse who recently was demoted by the Gault Millau guide because of his alleged gadding about. They all speak fluent franglais and have taken up golf. For Thanksgiving, Mr. Rostang, an enthusiastic pumpkin eater, fixed to Fennel a recipe for pumpkin and foie gras ravioli in truffle juice, which he also served the same day in his eponymous Paris restaurant and which Fennel will repeat on New Year's Eve as part of a seven-course feast that will cost \$100. Prices at Fennel are about half the cost of a meal at Michel Rostang in Paris. Moderate prices are compensated for by having two evening sittings, the first at 6:30, which would be unheard of in France. California restaurants, Mr. Rostang says, have to be bright and noisy, with open kitchens. His Paris restaurant is formal and muffled with heavy curtains and wood paneling. He has however installed an open kitchen, prudently adding a window shade so the chef can have Gallic tantrums in private. The food at Fennel is a lot simpler than in Paris. Californians, says Mr. Rostang, don't like salt or cream. Is there such a thing as California cuisine? "Americans say no," he replied. He thinks it's basically European food, with Japanese or Mexican sauces. Mr. Rostang is probably the only California restaurateur who doesn't know what mesquite is and who dislikes the stinkiest mushrooms that Californians put in every dish with the possible exception of their breakfast granola. Asked if, like another fashionable Los Angeles restaurant, he would serve salmon, watercress and mango salad with a decorative parsley on top, he diplomatically confessed to not loving exotic fruits in salads. He has, however, gone rather Californian in one dish: grilled sea bass with orange, grapefruit, lemon juice and corn. "It's just See BYTE, Page 2



Jean-Pierre Bosc, a chef at Fennel in Los Angeles, relies on a fax machine to get recipes from Paris.

صكزامن الاصل

Come Debt or Disaster, UNICEF's Still Embracing the Kids

James P. Grant has been executive director of the United Nations Children's Fund, UNICEF, for nine years. Before the publication on Wednesday of UNICEF's annual report, *The State of the World's Children*, he spoke by telephone to Charles Mitchellmore of the International Herald Tribune.

Q. Your report is coming out against a backdrop of heavy debt in parts of the world where UNICEF is at work. Thousands of children have been victims of natural disasters, like floods and earthquakes. And you've just returned from the battle zones of Iran and Iraq, where the use of "boy soldiers" and chemical weapons have been issues. Can UNICEF find reason to hope?

A. Yes. Often, difficult circumstances provoke initiatives that are positive. We are seeing that in the current extremely difficult situation for children in many countries, particularly in the debt countries, there is a whole new attention to children. We are able to say worldwide today that a child-health

breakthrough is in process. It's accompanied by a tremendous increase in the rights of children, so that we visualize a convention on the rights of the child being adopted by the General Assembly next fall and hopefully being ratified by the minimum of 20 countries within the year that follows.

MONDAY Q&A

Q. UNICEF has a long record of success by avoiding international politics. Can it preserve its neutrality and still serve as a broker to the World?

A. Well, this is the challenge, and I think UNICEF has done remarkably well on this through the 42 years of its existence. We are, in the current State of the World's Children report, trying to dramatize the fact that development in the next 10 years ought to measure success or failure much more by what happens to people — real development — than by just putting it in terms of GNP growth.

If you focus on what's happening to child mortality, what's happening to literacy rates, to primary school enrollment, access to clean water, this is really meeting the needs of people. We are able to say for example that the accelerated health measures of the past five or six years — in immunization, oral rehydration therapy, things that have involved social mobilization of whole countries — this is now saving the lives of some 7,000 children a day, and we can think seriously of saving the lives of some 12,000 to 14,000 children a day 24 months from now.

Q. In projects like your Bamako Initiative, in which UNICEF and the World Health Organization are seeking to make primary health care available to mothers throughout sub-Saharan Africa, aren't you running smack into international bankers and pharmaceutical companies?

A. The Bamako Initiative, which I should underline, was an initiative by all the African health ministers meeting in Bamako in September 1987, designed against a situation where countries are in terrible financial circumstances. They need to restructure their health systems to continue. WHO and UNICEF are undertaking to supply the essential drugs required to keep expanding numbers of

maternal and child-health centers going, and, to date, we've had nothing but cooperation from the pharmaceutical companies as we mobilize resources to provide the 35 essential drugs that are involved.

Q. What do you say to those people who contend that if UNICEF is going to be involved in basic problems, it should work more with organizations like the UN Population Fund and help emphasize family planning?

A. We do work with groups that are interested in extending the possibility of help on family spacing, family planning. But for people who are concerned with population growth, there is no substitute for improved health for children. No country in the world has dramatically reduced its birthrate before it has first dramatically reduced its child death rates.

This is common sense, because people do need to be confident that their first children will survive before they will run the risk of having far fewer children. If all of South Asia had the same child death rate as Sri Lanka, for example, there would be 3.7 million fewer child deaths each year.

Q. Next year is the 10th anniversary of the International Year of the Child. Are you optimistic or pessimistic about the chances of saving children's lives?

A. We cannot continue to make progress in major way on children if there is either global military conflict or global economic disaster. I must say we have been very encouraged by the change in political-military atmospheres of the past year. We do need to see, particularly for Latin America and Africa, a breakthrough in the next year on what goes under the name of the debt crisis. I would argue that this is required not just for children. Frankly, if the United States is going to cope with its balance of payments deficit, it needs to have the markets of a growing Third World again, as it did in the 1970s, when they were the fastest growing U.S. markets.

But within that framework, I am optimistic. The State of the World's Children for 1989 concludes on a very important point: Why not a world summit for children? It is quite clear now that the biggest single thing needed to continue health progress for children is more leadership from the top. It's not primarily a financial issue.

WORLD BRIEFS

Soviet Code to Retain Death Penalty

MOSCOW (NYT) — The Soviet Union has decided to maintain the death penalty for certain crimes, ending speculation that a much-awaited revision of the criminal code might abolish capital punishment. Under guidelines for the revision, criminals convicted of treason, espionage, the rape of minors, premeditated murder under aggravating circumstances, sabotage and terrorism would still be liable to be executed by firing squad. The proposals, which were published in the newspaper *Izvestia*, also said without elaborating that the death penalty could be applied for crimes committed "under extraordinary circumstances." Women, and those under 18 and over 60, are exempt from the death penalty.

New Leader in Vanuatu Is Arrested

PORT VILA, Vanuatu (AP) — The man who was sworn in as prime minister of this island nation Sunday was arrested hours later by security forces loyal to his dismissed predecessor, radio reports said. The arrest of Prime Minister Barak Sopa fueled the dispute over who was in power in Vanuatu, a country of 130,000 people about 1,200 miles (1,900 kilometers) northeast of Brisbane, Australia. Mr. Sopa was sworn in Sunday by President George Sokomasu, who announced Friday that he was dissolving Parliament and dismissing the prime minister, the Reverend Walter Lini. Mr. Sopa and Father Lini, an Anglican priest who took office in 1980, have been locked in a power struggle for a year.

Sihanouk Brands Hun Sen a Traitor

PARIS (Reuters) — Prince Norodom Sihanouk, the exiled Cambodian leader, has called Hun Sen, the Cambodian prime minister, a "traitor" and said that Mr. Hun Sen must accept his proposal to end the 10-year long Cambodian conflict. The prince insisted that his plan, which includes a substantial role for the Communist Khmer Rouge, be adopted by Mr. Hun Sen as well as by other parties involved in the Cambodian dispute. "I will only receive Hun Sen again once he has accepted my plan," Prince Sihanouk said. "They can take it or leave it." He dismissed Mr. Sen as "nothing but a traitor" who he said had abused the three-month truce between the two men in France this year "to try and make his illegitimate government appear legal."

LaRouche Is Convicted of Mail Fraud

ALEXANDRIA, Virginia (NYT) — A federal jury in Alexandria, Va., convicted the political extremist Lyndon H. LaRouche Jr. and six associates of conspiracy and mail fraud in the solicitation of \$34 million in loans since 1983. Mr. LaRouche, a four-time presidential candidate, was also convicted of conspiring to hide his personal income since 1979, the last year he filed a federal tax return. "I'm amazed, absolutely amazed," said Mr. LaRouche, 66, who called his indictment last October "a piece of garbage." He faces a possible maximum penalty of 65 years in prison and \$3.2 million in fines. The essence of the government's case was that Mr. LaRouche, who founded the National Caucus of Labor Committees in the late 1960s, and his associates solicited loans with false assurances to potential lenders and showed "reckless disregard" for facts by failing to mention the organization's already severe financial difficulties.

For the Record

President Alan Garcia Pérez of Peru has offered his resignation as leader of the ruling Aprista Party following a bitter reception at its national convention, party officials said Sunday. A river ferry sank, killing 55 people in the southern Chinese province of Hainan Island on Wednesday, the Xinhua news agency reported in a dispatch published in Hong Kong newspapers Sunday. A wooden sailboat carrying 53 persons sank in the Philippines, and only two survivors have been rescued, the military reported Sunday. The report said the boat sank Friday about 170 miles (275 kilometers) southeast of Manila, between the islands of Mindoro and Samar. Three Irish soldiers abducted in southern Lebanon and held overnight in a cave were freed by Shiite Arab militiamen Saturday after a brief gunfight with their pro-Israeli kidnappers. The soldiers, members of the UN force, were rescued about nine miles from the village of Tibnin, where they were abducted Friday. Authorities in Iran have detained and incured a Frenchwoman married to an Iranian dissident, her husband said Saturday. Hassan Habibi said that Annie Esbert, 26, has been given a week in which to denounce him publicly and to disavow opposition to the regime of Ayatollah Ruhollah Khomeini, or else face execution.

TRAVEL UPDATE

Striking Paris Metro Union to Vote

PARIS (AFP) — Four Metro lines were expected to remain closed Monday in Paris as striking maintenance workers prepared to vote on whether to continue striking their demand for a pay raise of 1,000 francs (\$170) a month. A spokesman for the Communist-led General Confederation of Labor, the only union still on strike as the stoppage entered its sixth week, said the group was concerned about inconvenience to users with only a few days to go before Christmas. The lines expected to be out of service on Monday were: No. 1, Neuilly-Vincennes; No. 2, Nation-Dauphine; No. 4, Porte d'Orléans-Porte de Clignancourt; and No. 11, Châtelet-Mairie des Lilas. Weather conditions in Greece began to improve Sunday after a three-day cold snap paralyzed transportation services in the north. Laos and Thailand have agreed to open their common border to tourists and have drawn up regulations for immigration, taxes and trade, the official Lao news agency said Saturday.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays: WEDNESDAY: Malawi. THURSDAY: Sri Lanka. SATURDAY: Angola, Austria, Brazil, Czechoslovakia, Denmark, El Salvador, Finland, Iceland, Iran, Iraq, Israel, Italy, Japan, Liberia, Maldives, Mauritania, North Yemen, Oman, Somalia, South Yemen, Thailand, Turkey, United Arab Emirates, Yugoslavia. SUNDAY: All countries except Afghanistan, Albania, Algeria, Bahrain, Bhutan, Bulgaria, China, Cuba, Egypt, Ethiopia, Iran, Iraq, Japan, Liberia, Maldives, Mauritania, North Yemen, Oman, Somalia, South Yemen, Thailand, Turkey, United Arab Emirates, Yugoslavia. Source: Morgan Guaranty Trust Co., Reuters.

BERLIN: Smuggling Glasnost

(Continued from page 1) What raised the alarm in Berlin and ultimately led to the banning of *Sprimit* was not that Stalin and Hitler were not that different, and that Stalin fact helped his fellow tyrant the 1939 German-Soviet aggression pact. The November issue of *Sputnik* went further. It questioned whether Hitler would have survived Stalin not called off Communist resistance after the pact. "Frankly," Neues Deutsches said, "the apology for or the clearing of Hitler, fascism and its crimes with some inventions — like comparison of Hitler with Stalin — are inadmissible in our anti-fascist German state." "Up to now, it should be such things were only known unscrupulous apologists of the West." The East German author probably the most vulnerable East bloc to any erosion of loyalty. The Communist regime Hungary, Poland, Romania, Soviet Union can always fall on nationalism if Marxism is to slip. But the East Germans have their ideology. Whatever their heritage was not discredited. Hitler is also claimed by West.

20 Killed in Sri Lanka As Leftists Try Terror To Block National Vote

By Barbara Crossette

COLOMBO — At least 20 persons died Sunday as leftist militants blockaded roads and terrorized communities to keep voters in Sri Lanka from going to the polls Monday to elect a president.

Most of the violence and disruption took place in the south, where the militant People's Liberation Front and the Patriotic People's Movement are strong. Both are Marxist, mostly ethnic Sinhalese groups who oppose Indian involvement in Sri Lanka.

Public services in many areas in the south are now run by soldiers, who are rounding up thousands of young Sri Lankans in a region that was peaceful until last year, when Indian troops arrived to disarm ethnic Tamils in the north and east.

Many Sri Lankans argue that the election should not be held. Others believe that if it is called off, the government will be seen to have bowed to terrorism.

If it is held, and the government candidate wins, most politicians expect that most violence will almost certainly follow. Militants have warned that they will not accept the results of the voting.

Political commentators say a turnout of 50 percent or less would play into the hands of Mr. Premadasa. His party is believed to be better organized and can benefit from incumbency.

A higher turnout would improve Mrs. Bandaranaike's chances because it would reveal a higher level of motivation and courage in coming to vote for a change in leadership.

Mr. Premadasa is closely linked by many with the Jayawardene government, which most people believe did not act soon enough or decisively enough to stop the drift to terrorism among its own Sinhalese.

In the voting, Sri Lankans will be asked to choose a successor to President Junius R. Jayawardene, 82, who is retiring after a half century of public service.

Mr. Jayawardene's United National Party has chosen the prime minister, Kanisighe Premadasa, as its presidential candidate. He is opposed by Mrs. Sirimavo Bandaranaike, a former prime minister, of the opposition Sri Lanka Freedom Party.

A coalition of leftist parties is fielding a political newcomer, Ossie Abeygunawardena. Since Mr. Jayawardene decided in September not to run, Sri Lanka has endured violence and terror. The causes of this breakdown in the social order are numerous, complex and often confusing.

After several years of fighting guerrillas representing Tamils, the country's largest ethnic minority, the Jayawardene government became the target of Sinhalese extremists drawn from the ethnic majority.

The Sinhalese militants, or those purporting to support that cause, have capitalized on opposition to Mr. Jayawardene's decision to bring Indian troops into Sri Lanka in 1987 to disarm the Tamils. The Sinhalese militants want the Indian troops to leave and oppose territorial and political concessions to Tamils.

The Sinhalese, who are predominantly Buddhist, make up 74 percent of Sri Lanka's 17.5 million people and predominate in the government. The Tamils, who are mostly Hindu, constitute 17 percent of the population.



Mr. Shevardnadze, left, and his wife being greeted Sunday by Foreign Minister Sosuke Uno upon arrival in Japan for a four-day visit.

Japan to Press Shevardnadze on Islands

By Susan Chira

TOKYO — Japan usually puts economic gains before ideology. But it makes an exception in its relations with the Soviet Union, and that was apparent as Eduard A. Shevardnadze, the Soviet foreign minister, arrived Sunday on his first visit in nearly three years — a visit awaited here with equal doses of hope and suspicion.

Soviet and Japanese officials and scholars say they hope that the visit will improve relations that have long foundered on the Soviet occupation of four northern islands claimed by Japan. The dispute over the Kuril island chain has prevented the two countries from signing a World War II peace treaty despite the establishment of diplomatic relations in 1956.

In recent days, diplomats from both countries have expressed more optimism about the visit, finding speculation that Mr. Shevardnadze could spring the kind of surprise that President Mikhail S. Gorbachev produced this month at the United Nations by proposing Soviet troop reductions.

But any progress will probably be slow, despite unofficial hints that the Soviet Union might be willing to compromise on the territories, as well as a surge in trade and recent agreements to hold the first government-sponsored exchange of students and cooperates on environmental issues.

As he arrived, Mr. Shevardnadze appeared to call for flexibility in the dispute over the islands. "Given the importance of our two nations in resolving international problems, Japan-Soviet political dialogue and mutual understanding is generally delayed," Mr. Shevardnadze said after his first landed at Tokyo's Haneda International Airport. "While there are objective reasons for this, it should be possible to relax or eliminate the reasons for this delay."

The Shevardnadze trip is the latest of several Soviet overtures to Asia. After decades of hostility between Moscow and Beijing, Mr. Gorbachev and the Chinese foreign minister, Qian Qichen, met two weeks ago in Moscow.

The Soviets also courted South Koreans with a cultural offensive during the Olympics in Seoul, and both sides agreed two weeks ago to establish trade offices.

Mr. Gorbachev has begun a belated effort to flesh out an Asian initiative he announced in 1986 in the eastern port of Vladivostok.

Then, and again this summer in the Siberian city of Krasnoyarsk, he reached out in Asia both to long-estranged socialist neighbors and to the capitalist economic dynamism that are allies of the United States, trying to enlist their help with economic development in the Soviet Far East.

Now, as Soviet troops withdraw from Afghanistan and parts of the Chinese border, and as the Soviets signal their willingness to press their Vietnamese allies for a peaceful settlement in Cambodia, this newest round of diplomatic contacts may lead the Asian initiative more momentum. But countries that have cast their lot with the United States remain wary.

Soviet officials chide Japan for its caution in a world moving away from Cold War attitudes. "You can see how our relations with Western Europe are developing in every possible field," said Georgy E. Komarovskiy, counselor at the Soviet Embassy here. "You can see how our relations are developing with the United States. In comparison with this, Japan is backward. I believe Japan can lose because of it."

Mr. Komarovskiy said he hoped that Mr. Shevardnadze's visit would help shift the focus from the territorial issue toward cooperation in finding a settlement in Cambodia, reducing tensions on the Korean Peninsula and fighting pollution in the Pacific. While the Japanese will discuss such issues with Mr. Shevardnadze, they place top priority on the territorial dispute.

The four islands lie off the northern coast of the northern island of Hokkaido. Moscow contends that the Kuril islands were rightfully awarded to the Soviet Union in the Allied division of Japanese-held territory after World War II, while Tokyo maintains that they belong to Japan.

Mr. Shevardnadze did not directly acknowledge the dispute during his last visit, in January 1986, despite an oblique reference in the communiqué issued at the end of the visit.

"At the minimum, we expect serious discussion on the issue," a Foreign Ministry official said. He said he welcomed clear signals that the Soviets were prepared this time to admit that the problem existed.

But Japanese diplomats said not changed, and that at least two of the islands remained strategic outposts for the Soviet military.

60 Tibetan Students Protest in Beijing

By Nicholas D. Kristof

BEIJING — At least 60 Tibetan students marched through the center of Beijing on Sunday to protest the shooting of pro-independence demonstrators in Tibet a week ago.

The protesters in Beijing apparently were not impeded by several dozen police officers who accompanied them, although officials had strongly encouraged the students to give up their march.

In a brief dispatch, the official Xinhua press agency reported only that the Tibetan students "were dissuaded from staging a demonstration" and that they had been sent back to their dormitories on buses.

The press agency said that the students had not applied for permission to stage the demonstration, as required under city regulations.

A journalist working for a Hong Kong publication was detained for two hours after he witnessed the demonstration. The journalist, Seth Faison, 29, from New York, was the only foreigner known to have been present.

He said he was forced back into his taxi cab and held for two hours after he drove by the marchers and stopped to talk to them.

Mr. Faison said he was accused of ignoring police orders, obstructing traffic and trespassing on a public lawn. He said that police had released him without

filing formal charges after he signed a written statement reviewing the police interrogation.

The students, he said, already had marched more than a mile, or more than a kilometer and a half, when he encountered them. He said he did not know what happened to the protesters after he was detained.

The students, most of whom were from the Central Institute for Nationalities in Beijing, began their march at Tiananmen Square, traditionally a focal point for demonstrations.

They told Mr. Faison that they were protesting the shooting by the police of demonstrators in the capital of Tibet, Lhasa, on Dec. 10.

In that incident, about 30 Tibetans calling for independence marched into the center of Lhasa and confronted the police.

Chinese officials have said that the police fired warning shots in the air, but that in the melee a Buddhist monk was killed and 13 persons were wounded. Western travelers in Tibet at the time said that at least two persons were believed to have been killed, and they said that the police fired directly at the demonstrators.

Tibet is claimed by China and recognized by almost every country as part of China, but many Tibetans favor greater autonomy from Beijing or even independence. Chinese-Tibetan tensions over the issue appear to have been increasing in the last two years.

VIETNAM: Widespread Resistance to Change Slows a Drive Toward Socialism

(Continued from page 1)

A congress of the Communist Party met in Hanoi two years ago in an atmosphere of crisis. It chose a revamped leadership headed by Nguyen Van Linh and endorsed an economic program that sought to stimulate production of goods and services by encouraging private enterprise.

However, Vo Van Kiet, Vietnam's deputy prime minister in charge of economic affairs, last week issued a gloomy progress report for 1988, although he forecast significant improvements for 1989 and said the reform program would continue.

So far this year, Mr. Kiet told a session of the National Assembly, output from many state enterprises has fallen, transport and communications have deteriorated, exports have not improved as hoped, and inflation remains high.

It is running at about 300 percent for 1988, according to official estimates. Unemployment and underemployment are also at unacceptably high levels, the government says.

Mr. Kiet said the production target for food grain, predominantly rice, would be 20 million tons for 1989, one million tons more than the official estimate of production for 1988 published last week.

But Vietnamese economists said that 24 million tons of grain a year were needed to overcome chronic food shortages and ensure Vietnam's 64 million people an adequate diet.

Some analysts and foreign diplomats said Vietnam's elderly leaders in the Politburo, all of them hardened by a long revolutionary struggle, were ill-equipped to run a modern, peacetime economy.

They said the party and the government needed younger, more energetic and technically competent leaders but that it was either unable to attract them or unwilling to entrust them with full responsibility.

As in the Soviet Union, China and Eastern Europe, the process of renovation and restructuring of society, which the Vietnamese call *doi moi*, is being retarded by resistance from within the party and the bureaucracy.

"There is a struggle going on between those who want to change and those who are conservative," a Vietnamese official said.

Vietnam lacks a strong leader in the mold of Mikhail S. Gorbachev of the Soviet Union or Deng Xiaoping in China, a Western diplomat said.

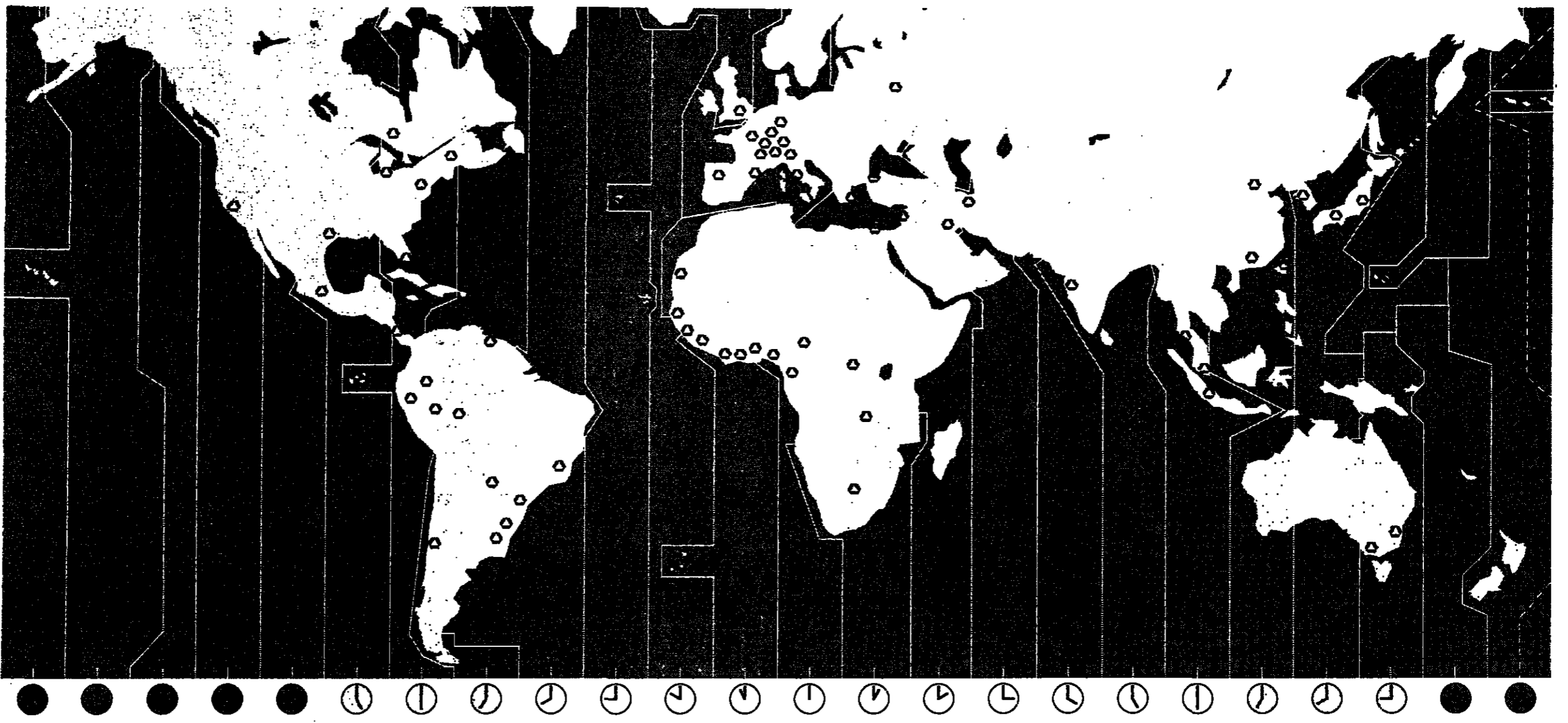
Proponents of change in Vietnam, he said, have the right ideas

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WORLD BRIEFS

Code to Retain Death Pen

(NYT) — The Soviet Union has drafted a code for certain crimes, ending speculation that the criminal code might abolish capital punishment for the revision, criminal offenses include rape of minors, premeditated murder, sabotage and terrorism would still be liable.

Leader in Vanuatu Is Arrested

(LA, Vietnam, AP) — The man who was arrested Sunday was arrested Sunday in Vanuatu, a country of 130,000 people in the Southwest Pacific. The man was arrested Sunday by President George H. W. Bush. The man was arrested Sunday by President George H. W. Bush.

Brands Hun Sen a

(NYT) — Prince Norodom Sihanouk, the king of Cambodia, said Sunday that he must accept his proposal to return to Cambodia. The king of Cambodia, said Sunday that he must accept his proposal to return to Cambodia.

Man Is Convicted of Mail

(AP) — A federal judge in Virginia convicted Lyndon H. LaRouche of conspiracy and mail fraud in the seizure of a presidential campaign. The judge in Virginia convicted Lyndon H. LaRouche of conspiracy and mail fraud in the seizure of a presidential campaign.

Record

(AP) — A man in Peru has been found guilty of the killing of 55 people in the southern city of Arequipa. The man in Peru has been found guilty of the killing of 55 people in the southern city of Arequipa.

TRAVEL UPDATES

Paris Metro Union

(NYT) — The Paris Metro union has agreed to a new contract with the city. The Paris Metro union has agreed to a new contract with the city.

Holidays

(NYT) — The Paris Metro union has agreed to a new contract with the city. The Paris Metro union has agreed to a new contract with the city.

REIN: Smuggling

(NYT) — The Paris Metro union has agreed to a new contract with the city. The Paris Metro union has agreed to a new contract with the city.

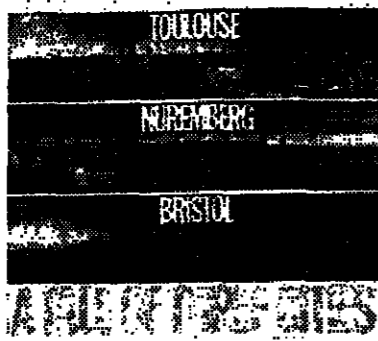
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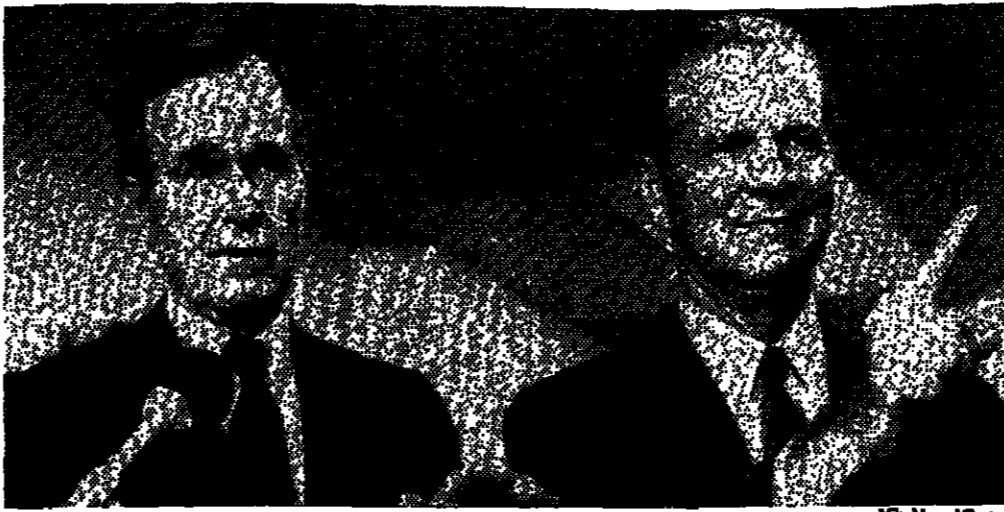
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Baker Bows, Diplomatically, to Congress

By Robert Pear
New York Times Service
WASHINGTON — James A. Baker 3d is making a slow, methodical, unobtrusive transition to his job as the next secretary of state, but he has already indicated that he is much more willing than his predecessors to accept a large role for Congress in shaping foreign policy.



With George Bush at the microphone, James A. Baker 3d made a point in Washington.

As Mikhail S. Gorbachev and Yasser Arafat challenge American policymakers to respond to dramatic changes in the Soviet Union and the Middle East, Mr. Baker has been putting himself through a course of instruction in foreign affairs and learning the arcane ways of the State Department's bureaucracy.

He left Sunday for a two-week vacation in Texas to see his 94-year-old mother in Houston and hunt at his ranch near San Antonio. He will also ponder his most important personnel decision, the choice of a deputy secretary of state.

of the policy planning staff, an influential post that has been held in the past by George F. Kennan and Paul H. Nitze.

For decades, the State Department has resisted congressional efforts to shape foreign policy, insisting that it be the prerogative of the executive branch.

But in meetings in the last few weeks with members of the Senate Foreign Relations Committee and the House Foreign Affairs Committee, Mr. Baker, a master legislative strategist during his years at the Reagan White House, has described a very different vision.

Richard S. Williamson, an assistant secretary of state who is close to Mr. Baker and Mr. Bush, said: "Jim Baker is showing that in a post-Vietnam era, Congress is a full partner in making foreign policy. "He is demonstrating that he understands that and will treat members of Congress as partners—not just as silent partners but as vocal,

active partners in making foreign policy.

President Ronald Reagan complained in a speech at the University of Virginia on Friday that "Congress has become more and more involved in the conduct of foreign policy" and has improperly infringed on his powers as the nation's chief diplomat.

Congress foiled, for example, Mr. Reagan's effort to continue arming the Nicaraguan rebels and has earmarked more than 95 percent of the foreign aid budget for specific countries, although Mr. Reagan and Secretary of State George P. Shultz sought wide discretion to distribute the money as they saw fit.

"The State Department is full of smart, able people but is a generation behind in accepting the redistribution of power in making foreign policy," said an adviser to Mr. Baker.

"Jim Baker will change that. No

one in Washington in the last 10 years has shown a better ability to deal with Congress."

Senator Daniel P. Moynihan, a New York Democrat, who is on the Foreign Relations Committee, said Mr. Baker's open approach to Congress was "an excellent way to begin."

State Department employees welcome the prospect of having a secretary with so much influence and such close ties to the next president. Mr. Baker and Mr. Bush have been friends for 30 years. But department employees are also nervous because they know little about Mr. Baker's intentions.

As part of his education, Mr. Baker has met with former Presidents Nixon and Carter and former Secretaries of State Kissinger, Dean Rusk and Cyrus R. Vance. He is also meeting with all the current assistant secretaries of state to identify what he calls problem areas and opportunities.

Energy Official Warns Budget Won't Support Atomic Weapons Safety

By Cass Peterson
Washington Post Service
WASHINGTON — Energy Secretary John S. Herrington has warned the White House that there is not enough money in President Ronald Reagan's proposed fiscal 1990 budget to operate the nuclear-weapons complex in accordance with safety and environmental laws. The department may be facing additional shutdowns as a result, the secretary said.

"The system will, in all likelihood, be operating beyond the bounds of acceptable risk," Mr. Herrington wrote Dec. 9 to Kenneth M. Duberstein, the White House chief of staff.

The letter contains a detailed assessment of the Energy Department's budgetary problems, which Mr. Herrington said may require choosing between upgrading plant safety and meeting the Defense Department's production goals for nuclear materials. If the department gives priority to production goals, he said, "then unresolved environmental and safety issues are likely to lead to further shutdowns in the weapons complex."

Mr. Duberstein disagreed Sunday, saying there will be enough money in the budget to safely operate the facilities. The Associated Press reported from Washington. "The president has said consistently we won't operate any of these plants unless we can operate them in a safe manner," Mr. Duberstein said on an NBC television program. He said the money needed had been found within the Energy Department budget.

crease in resources over the next five years, we will no longer be able to sustain a strong nuclear deterrent in which we have invested \$77 billion since 1980."

Mr. Herrington's letter was sent amid mounting demands on the Department of Energy to bring its 17-plant complex into compliance with safety laws and to begin an environmental cleanup that is expected to take decades and cost \$50 billion over 20 years.

The department also made vague financial commitments to several Western governors last week in a meeting aimed at resolving a nuclear-waste storage problem that threatens to close a critical weapons plant near Denver.

The Energy Department seeks cooperation from the governors of Colorado and Idaho to handle waste and maintain operations at the Rocky Flats Plant, which makes plutonium triggers for atomic bombs.

Crack in Reactor
Keith Schneider of The New York Times reported from Wilmington, Delaware:

The company managing three closed military nuclear reactors in South Carolina notified the government early Saturday that a crack had developed in one reactor's cooling system.

The reactors are the only sources of tritium, the perishable gas vital to U.S. nuclear warheads. Military reactors were shut down last spring.

The crack, which the company said it discovered Friday night, was in a pipe that delivers coolant to a reactor that was to have been the first one restarted.

Discovery of this crack comes just a few days after the managing company, E.I. du Pont de Nemours & Co., notified the Energy Department, which owns the plants, of a crack in a coolant pipe at another reactor. That crack, however, was detected in April, and the department is investigating the eight-month delay in reporting it.

F. William Kaspar, manager of the Energy Department's field office at the enormous Savannah River Plant near Aiken, South Carolina, said he was awakened around 1 A.M. Saturday and told about the crack beneath the K reactor. Mr. Kaspar said it would be replaced, but it was too early to know whether that would further delay restarting the reactor.

In Washington, Richard W. Strohacker, the deputy assistant secretary for safety, health and quality assurance, said he would send a team of experts to the weapons plant this week to assess the situation.

Senior Aides Say Bush Is Adamant on Leaks

By Gerald M. Boyd
New York Times Service
WASHINGTON — President-elect George Bush, hoping to set a tone for his administration, is determined to use public expressions of outrage and private threats of reprisals to suppress unauthorized disclosures to journalists, according to senior aides.

While acknowledging that such measures have failed in other administrations, they said Mr. Bush was adamant about curbing leaks and had made that clear to his senior staff.

Expressing his thinking to one such aide Saturday, Mr. Bush said, "It's like cheating in school." He said leaks reflect a lack of discipline that could ultimately lead to problems such as the disclosure of sensitive national security information.

The sharp tone became clear last week when Mr. Bush said he became "semi-ballistic" over a report in The Washington Post that he was considering naming two black officials to his cabinet.

Aides said he has been repeatedly upset in

recent weeks by such reports of likely cabinet choices, and was most upset by the revelation in August that he was considering Senator Dan Quayle of Indiana as his running mate.

"He feels he was elected to make final decisions about personnel, and until he had made them he doesn't feel people should be discussing them in the paper," said a spokeswoman, Sheila Tate. "That seems entirely reasonable."

Yet some of the players in the Washington game of leaks believe that no president can stop the flow entirely. The practice of making information available unofficially is a way that government figures curry favor and promote their own agendas.

In addition, all presidents, as well as Mr. Bush, have made "authorized leaks" to promote their own policies.

President Reagan has voiced complaints about leaks since his first days in office eight years ago. One former aide recalled how he had complained a "blue streak" his first week in office about stories that detailed some of his budget decisions.

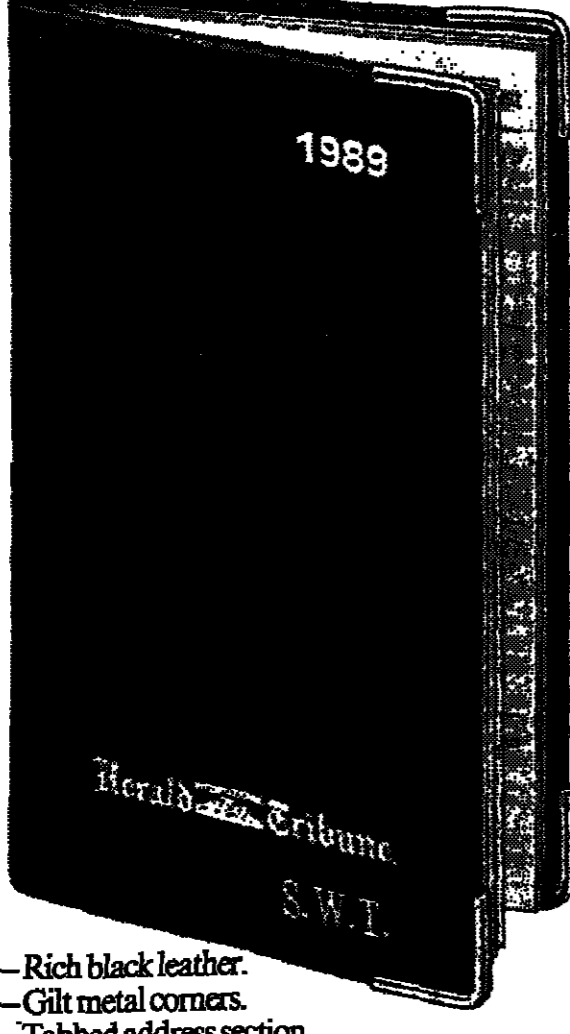
Edward Rollins, another former senior White House official in the Reagan administration, said he believed that Mr. Bush has grown unyielding on the subject after serving as vice president and frequently witnessing Mr. Reagan's concerns. "He probably doesn't want to be haunted by the same thing," Mr. Rollins said.

Mr. Bush tried to prevent leaks of personnel choices for his administration by requiring all officials working on his transition staff to sign a one-page "standard of conduct." Included is a paragraph that warns officials against disclosing information that comes to their attention from working on the transition.

"What is geared at is preventing them from using inside information gained through their work on the transition in some way that might be illegal," said C. Boyden Gray, the transition counsel. "It also covers unauthorized leaks."

But pointing out the difficulty in enforcing it, he said, "How can you accuse someone of leaking something that might not be true or that is a figment of their imagination?"

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Don't Like the New U.S. Tone? Zip It, You Sleaze!

By Lena Williams
New York Times Service

NEW YORK — This may well be remembered in the United States as the year when nastiness came into its own and became a commodity.

Morton Downey Jr. sneered at guests on his talk show and drew three million viewers a night. Geraldo Rivera's nose was broken, along with ratings records, in a brawl on his talk show when it presented a segment called "Teen Hate mongers."

The harsh, scatological humor of performers like Eddie Murphy spawned a new phrase: attack comedy. And the presidential campaign was fueled by extraordinarily negative advertising and more than a few nasty one-liners.

Now, just in time for the holidays, anyone can partake of confrontational entertainment, or "confrontainment" as it is being called. A board game called Loudmouth has gone on sale, based on the syndicated Downey show, whose host subjects his guests and studio audience to words like "sleaze," "sleaze" and worse and who orders speakers who bore him to "zip it."

For the \$20 cost of Loudmouth, players can put on Downey masks, be penalized for being "too polite" and be required to prove otherwise by insulting the opposing team.

Novelty stores in Washington are selling a Monopoly-like board game called Home Rulette, a parody of the District of Columbia that slurs blacks, homosexuals, the homeless and women.

Its instruction manual says, "Yes, we hate most everybody." A player drawing a "sleaze factor" card must match local politicians with wildly insulting descriptions.

Recently, after complaints from city officials and the National Association for the

Advancement of Colored People, some merchants stopped selling the game.

"Nastiness seemed to reach an all-time low this year," said Todd Gitlin, a professor of sociology at the University of California who is the author of numerous books on the

topic as a "funhouse mirror" of the culture, exaggerating what is already extreme.

Whatever the relationship between the television screen and daily life, some psychologists and other therapists are feeling uncomfortable about a theory that once pre-

With the rise of feminism, "men decided to take their gloves off and show them," observed Chaytor D. Mason, a California psychologist who has written and lectured extensively on social behavior.

And, he noted, with more women working, the responsibility for teaching manners — traditionally the woman's role — has been left in the hands of schools and other institutions that are neither equipped nor inclined to do so.

Other factors include what Dr. Gaylin calls "the coarsening and corrupting influence of modern urban life": the Federal Communications Commission's deregulation of commercial radio in 1981, which fostered "shock radio," and the bruising battle for television ratings at a time when the major networks have had to deal with increasing competition from independent stations, cable programming and videocassettes.

Despite the expressions of dismay, it is not clear that any backlash has set in yet. Undeniably, "confrontainment" strikes many Americans as entertaining. A school of crude and hostile comedy has gained an enthusiastic audience that finds the art of the insult as liberating as rock music.

The written word has proved to be a popular vehicle as well. Insults and innuendo about even the barely known now appear in publications inspired by the irreverent British press. A new approach to biography that is being called "pathography" is flourishing.

In a Christmas send-up of the genre, a Boston advertising agency, Heller, Breen, sent its clients a mock press release for a "tell-all" biography of Santa Claus.

"Learn about Santa's infatuation with red and green," the release said. "Are the colors of rage and envy truly an obsession?"

The therapeutic venting of one's emotions emerged as a fad in the late 1960s, amid sweeping social changes that also undermined conventional civility. Traditional values and authority came under attack, and the role of women was transformed.

Dr. Redford Williams, director of the Behavioral Medicine Research Center at Duke University in Durham, North Carolina, said: "The evidence that holding your anger in may be bad for you came from a lot of research dating back to Sigmund Freud, who found that neurotic individuals had great difficulty in expressing their anger."

"Recent research has not borne this out. It is overt expression of hostility, of contempt, of anger, that has been found to be correlated with disease, especially high blood pressure and heart disease."

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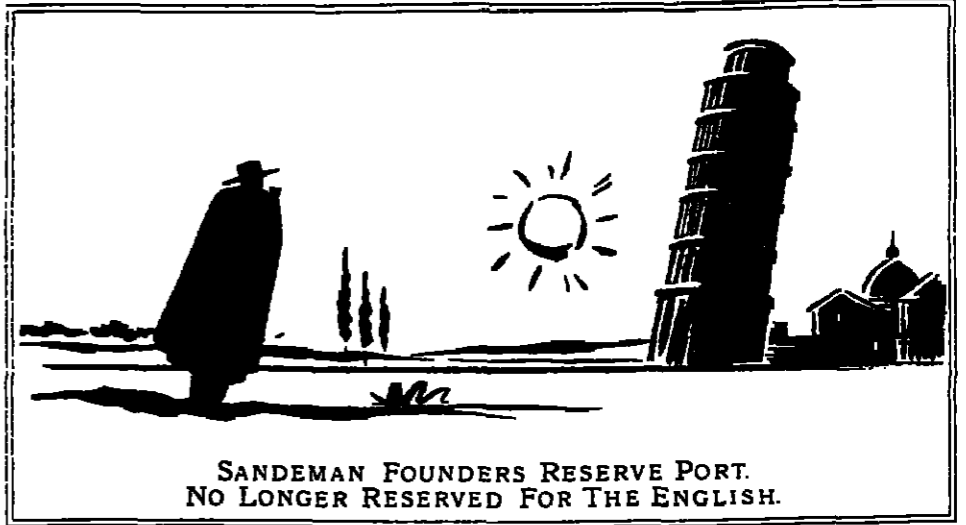
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AMERICAN TOPICS

Underwater Guests Can Look Fish in Eye

Calling itself the world's only underwater hotel, Jules' Undersea Lodge in Key Largo, Florida, is 30 feet (9 meters) underwater in a natural lagoon. Built in 1971 as a sea lab, the steel structure, 50 feet long and 20 feet wide, was converted to a hotel by Neil Monney, former director of ocean engineering at the U.S. Naval Academy. He named it after Jules Verne, author of "20,000 Leagues Under the Sea."

The lodge has two bedroom suites with round 3.5-foot-diameter windows for viewing marine life outside. Daily rates range from \$99 to \$295 per person. Alcohol drinks are out. "They don't mix with diving," Mr. Monney said. Tobacco is also banned. "There's two-thirds more oxygen in the habitat than on the surface," he said, so "cigarettes would burn too fast and smoking puts toxic gases into the atmosphere."

To enter from the surface, guests put on bathing suits and diving masks, take a small boat to a platform above the lodge and, breathing with an air hose, pull themselves along a rope that leads down and under the lodge and up through an open pool in the foyer. Scuba gear is provided for serious underwater exploration. One guest, Steve Tyler, a singer, said, "Every minute was better than the last."

Short Takes

Pressed by consumer organizations, food manufacturers like Kellogg, Campbell Soup and General Mills are removing tropical fats, notably coconut, palm and palm kernel oils, from their products. The New York Times reports. Tropical fats are cheaper than other vegetable oils like soybean, corn, or cottonseed, but also are highly saturated and therefore increase the risk of heart disease. In a comparable consumer victory last year, such fast-food chains as Burger King, McDonald's, Hardee's, Wendy's and Taco Bell agreed to eliminate some, if not all, of the highly saturated vegetable and animal fats used in their cooking.

U.S. Weighs Short Troop Tour

WASHINGTON — In response to congressional pressure to cut costs, the army is examining a plan to deploy units to Western Europe for short tours instead of keeping them there permanently, Defense Department and congressional officials say.

The plan would save on the costs of transporting families to and from Western Europe and would trim expenses for housing, medical care, schools and recreation. Families would remain at home while the soldiers were away.

If the plan was put into effect, a battalion of 600 to 800 soldiers would go to Europe every six months to take the place of a similar battalion that would return to the United States. Only light weapons would be carried; tanks, artillery and other heavy weapons would be left in place.

The plan is one of the options the Defense Department is considering as its budget comes under increasing pressure to help reduce the federal deficit. Congress could approve the plan as part of its annual review of the military budget.

The army has 217,000 soldiers in Western Europe, organized into four combat divisions plus several forward brigades of divisions in the United States, separate regiments and artillery brigades, and large support units. About 200,000 family members are in Europe, the vast majority in West Germany.

A variation on the plan has been scheduled for next spring, when companies of 200 maintenance troops from national guard and reserve units will be flown to Europe for two weeks at a time.

Army officials are reportedly resisting the wider plan, arguing that it would erode military readiness because new troops would not be familiar with the terrain and battle plans and that it would discourage re-enlistments because soldiers would be temporarily separated from their families.

Army officers suggested the real reason for opposition to the plan was a fear that it would lead to an eventual withdrawal of American troops from Europe. Those units might be disbanded and the size of

Washington Offers Moscow Plan on Political Prisoners

WASHINGTON — The United States has sent Moscow a new plan for dealing with the problem of Soviet political prisoners.

Administration officials said Saturday that they hoped the proposal would lead to a speedy conclusion of East-West talks in Vienna on human rights and security issues.

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Official Warning

Won't Support Weapons Safety

Energy Secretary James Douglas has announced that he will not support a bill to increase the federal budget for energy research and development. Douglas said the bill would increase the budget by \$1 billion over the next five years, but he said the bill would not provide for a corresponding increase in the number of scientists and engineers working on energy research. Douglas said the bill would also increase the federal budget for energy research and development by \$1 billion over the next five years, but he said the bill would not provide for a corresponding increase in the number of scientists and engineers working on energy research. Douglas said the bill would also increase the federal budget for energy research and development by \$1 billion over the next five years, but he said the bill would not provide for a corresponding increase in the number of scientists and engineers working on energy research.

INTERNATIONAL Herald Tribune

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A Professional Diplomat

American presidents have often used the United Nations as a highly visible but safe place to send large egos. A cabinet seat has usually been awarded to the chief delegate, a practice followed by no other country.

served in Jordan and El Salvador and as an assistant secretary of state. The only evident blot on his record is his role as a willing helper in channeling a secret donation of \$1 million in arms to Nicaraguan contras at a time that Congress had prohibited such aid.

Debtors Lose Control

While the United States has made good progress over the past year in reducing its trade deficit, that promising trend is now in danger of going flat. The improvement has been driven by the rise in American exports, and that rise has slowed significantly since last spring.

Treasury's voracious need for money. That will increase the capital shortage. Interest rates, already high, will climb higher and further discourage industrial investment.

A Strong Farmhand

By changing Clayton Yeutter from chief trade negotiator in the Reagan administration to chief farmhand in the Bush administration, the president-elect makes a laudable declaration for sanity in place of subsidy.

food needs as well as for export earnings. Shedding farmers is common to most industrial countries, not just the United States. Farm populations are small but politically potent.

One-Sided and Unfair

An American negotiating team trying to sell F-16 fighters to Japan was defeated last month and is now in Tokyo to receive its second humiliation.

Still, the deal is one-sided and unfair. Japan shuts out American companies when it wishes to develop a new industry. Its insistence on developing the FSX may not relate to its effort to build up its aviation industry.



Middle East: A Different Problem, but No Easier

By Flora Lewis

PARIS — The decision to open official U.S. talks with the Palestine Liberation Organization lets President-elect George Bush off the hook. It opens the way for a new phase of American diplomacy in the Middle East, and for a badly needed overall review of U.S. policy and concerns.

change. The key change in wording was that Mr. Arafat replaced "rejection and condemnation of terrorism in all its forms, including state terrorism" with "total and absolute renunciation of all forms of terrorism, including individual, group and state terrorism."

in its second year, has changed Palestinian society. There is a new sense of solidarity, a pride of identity and of sacrifice, which has brought new confidence. "When you feel confident, you can make concessions," a professor from Jericho said.

There has been a qualitative change in U.S.-Israeli relations in the Reagan years, not fully noticed because it came incrementally. It started with former Secretary of State Alexander Haig's notion of "strategic consensus" undrilled with joint military planning, exercises and pre-positioning of U.S. equipment.

Armenian Lessons for the Next Natural Disaster

By David Webster and Peter D. Zimmerman

WASHINGTON — Every major natural disaster calls forth inspired and admirable enterprise in the country affected and from the world community. But the Soviet Union is a country in transition between management by central fiat and management by local initiative, and in the case of the Armenian earthquake virtually all the authorities appear to have failed to cope.

What can be done to speed up rescue operations and enhance the international cooperation that is so vital to their success? First, there is a great and obvious need for a new international convention to allow the free movement of communications equipment in the event of disaster. For instance, the U.S. State Department's Office of Foreign Disaster Assistance has available small portable satellite earth stations that could have been flown immediately into Armenia to restore communications.

which routes are possible and which bridges remain, is not easy. It is particularly difficult to do from ground level. However, cameras aboard civilian observation satellites might be able to map pictures of the scene below, if they pass over at the right time. If new pictures could be compared with ones taken in normal times, rescue workers would have a powerful tool for directing their efforts.

The New European Commission Looks Strong

By Giles Merritt

BRUSSELS — The new team at the head of the European Commission looks tough and competent. And that is just as well, because the next four years will be arduous ones that will make or break the European Community's efforts to forge itself into an integrated political and economic bloc.

Few if any EC commissioners have ever gone on to greater things. The curse of Brussels has afflicted well established political leaders and young hopefuls alike. The three commission presidents before Mr. Delors — Francois-Xavier Ortoli, also a former French finance minister; Roy Jenkins, a former British chancellor of the exchequer and home secretary; Gaston Thorn, who had been prime minister of Luxembourg — all failed to make a political comeback at home.

By contrast to earlier commissions, all but two or three members are young and thrusting enough to go on to top ministerial positions in their own countries and even, in a few cases, to the prime ministership. As for Mr. Delors himself, he may yet return to French politics as prime minister, and could conceivably still make a run for the French presidency. It all makes for an outlook which gives the incoming commission a new authority.

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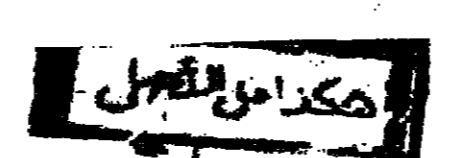
100, 75 AND 50 YEARS AGO

1888: No Foreign Actors? NEW YORK — Leading theatrical managers here and in Boston, Chicago and other cities are preparing to make united opposition to the movement to secure the exclusion of foreign actors. Mr. Daly and Mr. Abbey, who are organizing the opposition, are confident of defeating the proposal.

He has other grievances, but his breakfast-hour tendency toward the comfort of naps seems to head the list. It is to be hoped his suit to sever the marital bond will reach the court presided over by the learned judge whose contented wife quite recently confided to friends the secret of her and his happiness. "We have," she explained, "been married twenty-five years, but in all that time we have never had breakfast together."

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Arafat Applauds U.S. Talks, But No Letup on Israel Is Seen

By Alan Cowell
New York Times Service

CAIRO — Yasser Arafat said here Sunday that the talks between the United States and the Palestine Liberation Organization were "positive" and there were indications that he planned a continued diplomatic drive for a Middle East peace conference.

At the same time, a senior aide to Mr. Arafat, the PLO chairman, said the PLO would make no further concessions toward U.S. demands and would not abandon its attacks on military targets within Israel or the year-old Palestinian uprising in the Israeli-occupied West Bank and Gaza Strip.

The comments indicated that the PLO was seeking to pursue a two-track policy, pressing for a peace conference on its terms while seeking to maintain pressure on Israel and focus international opinion on its cause through the uprising, Arab diplomats said.

Last Friday, the U.S. ambassador in Tunis, Robert H. Pelletreau Jr., met a four-member PLO delegation in the first official contact between Washington and the organization in 13 years. The United States agreed to the meeting after Mr. Arafat met U.S. terms for a dialogue by renouncing terrorism, recognizing Israel's right to exist and accepting important United Nations Middle East resolutions in Geneva last week.

Since then, however, both at the Tunis meeting and elsewhere, PLO officials have drawn distinctions between terrorism and what they consider legitimate action against Israel. In that period, Israeli soldiers have shot eight Palestinians to death in an uprising of violence.

"If President Reagan thinks that we will stop attacks against Israeli military targets, then I tell him to stop the dialogue now," Saleh Khalaf, Mr. Arafat's deputy in his dominant Fatah faction of the PLO, said at a rally Saturday in Abu Dhabi.

"Neither military attacks nor our heroic intifada will stop," he proclaimed, using the Arabic word for uprising by which the revolt in the occupied territories is widely known. "We will carry on our struggle until the Palestinian flag is hoisted over Jerusalem."

Last month, the PLO declared a nominally independent Palestinian state in the occupied territories with Jerusalem as its capital. The renewed reference to Jerusalem as capital of a Palestinian state seemed certain to ignite Israeli anger, Western diplomats said, and it illustrated the different shades of militancy within the PLO.

At a news conference, Mr. Khalaf, also known as Abu Isah, said the PLO was "keen to continue the dialogue with America."

"We hope the talks will be upgraded," he said. "But Washington should be careful not to play the game of concessions with us because this will damage Palestinian national unity."

He was apparently alluding to criticism of Mr. Arafat by hard-line PLO factions based in Damascus, who have accused him of going beyond authorized PLO policy to meet U.S. demands for what the Palestinians depict as concessions.

The PLO chairman arrived in Cairo to meet with President Hosni Mubarak.

"The talks deal with the peace moves and issues related to the Palestinian cause," Mr. Arafat said of the Tunis meeting. "They were positive."

He arrived from visits to East Germany and Romania following his appearance before a specially convened UN General Assembly session in Geneva, and is scheduled to leave for Austria on Monday.

"The next moves will be Palestinian and Arab," Mr. Arafat said, apparently referring to renewed efforts to show Arab unity in support of efforts to convene a Middle East peace conference.

Another Arafat aide, Bassam Abu Sharif, was quoted in a British newspaper interview as saying that Mr. Arafat wanted to meet with Prime Minister Margaret Thatcher of Britain and President François Mitterrand of France.

The comment reflected the PLO's desire to broaden its diplomatic initiative in the West by upgrading the level of its contacts with Western nations, Arab diplomats said. The intention is to seek Western pressure on Israel to agree to an international peace conference — an idea rejected by Prime Minister Yitzhak Shamir.

A British junior minister, William Waldegrave, who met Mr. Abu Sharif in London last week in the highest-level British contact with the PLO in five years, offered only an ambiguous response to the call for a meeting with Mrs. Thatcher.

"I think in the first instance it is my job to conduct relations with the PLO and perhaps Abu Sharif in particular," he said in Cairo, where he met President Mubarak. "But nothing is excluded."

"What is essential now," he said, "is a response from Israel as the next step forward."

Mr. Arafat said Israel and the PLO must take new initiatives to get the Middle East peace process under way.

The Israeli foreign minister, Shimon Peres, also appealed for an end to violence in the occupied territories. On a CBS program, he said that the Palestinians stopped all violence, "the whole feeling, the whole emotions in Israel would be entirely different."

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TERROR: Pledge by U.S.

(Continued from page 1)

assertion by the U.S. counterterrorism chief, L. Paul Bremer, that Mr. Arafat's statement in Geneva was "a renunciation of terrorism everywhere," including attacks against Israel's forces inside the occupied territories.

Asked whether the United States could determine whether it was a PLO faction or another group responsible for terrorism, Mr. Murphy said it would deal with each incident on a case-by-case basis.

He also suggested that some terrorism could be directed at Mr. Arafat himself. He noted that both the Libyan-based Palestinian terrorist Abu Nidal and the Damascus-based Palestinian faction led by Ahmed Jibril had issued threats against the PLO leader.

Mr. Armacost did not spell out what specific initiative the United States would like to see Israel take at this point.

But he called upon the PLO first to demonstrate that it has renounced terrorism and to use its influence to quell the level of violence in the West Bank and Gaza Strip.

"I think it would be very helpful if there is a subsiding of violence in the territories," he said on a CBS News program.

Palestinians in the occupied territories, Mr. Armacost said, should realize that continued violence was "not going to bring about the objective which the Palestinian want."

"We hope now there will be deeds which allow the parties to soberly reflect and initiate this process which can result in some accommodation," he said.

He indicated that the United States would not hold Mr. Arafat responsible for past acts by his own Fatah group or others within the PLO, such as the hijacking of the Italian cruise ship Achille Lauro in October 1985 by Mohammed Abbas, who brands the Palestine Liberation Front.

Israeli Troops Kill 3 More Palestinians

By Glenn Frankel
Washington Post Service

JERUSALEM — Israeli troops shot and killed three Palestinians on Sunday, raising the death toll to eight during one of the bloodiest weekends in recent months. Arab stone throwers badly injured three Jewish settlers, including a nine-month-old girl.

At least 17 Palestinians were injured Sunday and a total of 70 shot or beaten since Friday, when a funeral procession in the occupied West Bank city of Nablus erupted in a violent clash with soldiers that left five persons dead and three critically wounded.

The cabinet, meanwhile, debated how to respond to the U.S. decision last week to begin a diplomatic dialogue with the Palestine Liberation Organization.

Israeli officials blamed the renewed violence in part on the U.S. decision, which they said had given new momentum to the yearlong uprising in which more than 300 Palestinians and 12 Israelis have been killed. They denied Arab allegations that soldiers had opened fire without provocation during Friday's disturbances.

"We must tell the Americans they have in fact given legitimization to the uprising in the territories," Defense Minister Yitzhak Rabin said on Israeli television. Of the Nablus deaths he said: "I accept everything that was done. It was necessary. The flare-ups will be kept in check with an iron fist."

The West Bank's military commander, Major General Amram Mitzna, warned that soldiers would continue to open fire on stone throwers. "They must understand a stone is a weapon and army forces will act with all severity," General Mitzna said. "Whoever takes it upon himself to tangle with the security forces should not be surprised that there are casualties."

But an unidentified Palestinian doctor at East Jerusalem's Mukkash Hospital, where three gunshot victims from Nablus remained in critical condition, all of them with head wounds, said, "In the past two to three months, they used rubber bullets, plastic bullets and occasionally high-velocity bullets. In the last week or so, they have used high-velocity bullets and mostly to the head. So there has been a change."

The Palestinians who died Sunday included a 24-year-old man who was shot as he allegedly tried to throw a concrete block at soldiers from a rooftop during an army search-and-arrest operation in the West Bank village of Deir Ghusun, and two protesters, 22 and 30, who were shot during a protest in the Gaza Strip town of Rafah. At least three Gaza refugees camps and two West Bank cities were under curfew Sunday night.

Foreign doctors complained that they treat patients with the sophisticated medical equipment they had brought in.

By chance, thousands of Soviet troops were already in the region to enforce a state of emergency imposed after ethnic conflicts that broke out last month, the latest outburst in a 10-month territorial dispute with Azerbaijan.

But as of midweek the military seemed to view its role as maintaining order rather than taking part directly in the rescue.

Except for construction brigades sent to work on repairing rail and water lines, the soldiers in Spik and Leninakan seemed to be doing little but controlling access to the damaged areas, chasing looters and standing around campfires.

Later, when the civilian bureaucracy proved inadequate and occasionally obstructive, the army also stepped in to organize the distribution of hot food, drugs and tents and to generally supervise the deployment of men and vehicles. But not until the end of the week was there any systematic distribution of food to the smaller villages.

Foreigners working here tended to be more forgiving than the Soviet press, which has rallied against bureaucratic snags and ill-prepared local officials — though not against the military.

"I think the scale of it overwhelmed the local officials," said Mr. Roundell, the senior British diplomat representative sent to Armenia.

Western rescuers said that the recovery was severely hampered by the breadth of the quake.

Unlike the 1985 earthquake that devastated parts of Mexico City, the Armenian quake cut a wide swath across the Transcaucasus, and simultaneously crippled communications and transportation necessary to begin saving lives.

Although the official death toll remains at 55,000, travel through the zone of destruction lends credence to the view of many foreign specialists that it was perhaps three times that number. A French doctor estimated that 100,000 had died in Leninakan alone.

On the day of the quake, while President Mikhail S. Gorbachev was preparing to cut short a visit to New York and fly home, Foreign Minister Eduard A. Shevardnadze was asked repeatedly about Soviet interest in foreign aid, and he seemed slightly offended at the suggestion that the Soviet Union could not handle its own catastrophe.

But after initial hesitation, the Soviets embraced the contributions enthusiastically, including an estimated \$6.6 million in government and private aid from the United States, and loads of medical equipment from Israel, with which Moscow has no diplomatic relations.

The Soviet press has played up the Western donations as the greatest example of East-West comity since Soviet and American troops met at the Elbe River.

Foreigners working here tended to be more forgiving than the Soviet press, which has rallied against bureaucratic snags and ill-prepared local officials — though not against the military.

"I think the scale of it overwhelmed the local officials," said Mr. Roundell, the senior British diplomat representative sent to Armenia.

Western rescuers said that the recovery was severely hampered by the breadth of the quake.

Unlike the 1985 earthquake that devastated parts of Mexico City, the Armenian quake cut a wide swath across the Transcaucasus, and simultaneously crippled communications and transportation necessary to begin saving lives.

Although the official death toll remains at 55,000, travel through the zone of destruction lends credence to the view of many foreign specialists that it was perhaps three times that number. A French doctor estimated that 100,000 had died in Leninakan alone.

ARMENIA: A Painful Time Marks a Turning Point in Soviet Attitudes

(Continued from page 1)

ern edge of the zone, presented an illusory picture of miraculous good luck. Most buildings remained standing, and of 1,000 children only one was killed when the shock rattled the grade school. But the tremors left the surviving structures as brittle as eggshells.

"We will have to knock down 99 percent of the buildings," said Lieutenant Colonel Anatoli V. Kludnev, commander of an army unit that was initially sent to Stepanavan last month to enforce a state of emergency after ethnic clashes between local Armenians and Azerbaijanis. "Even a mild earthquake now could bring these buildings down."

Residents sleep in tents or shepherds' yards outside the hazardous buildings, awaiting evacuation. A contingent of West Germans was already demolishing buildings that threatened to tumble.

Leninakan was an urban nightmare, with just enough tottering shells to convey the outlines of a bustling city. There is an eerie, voyeuristic quality about buildings with walls sheered away, exposing living rooms and kitchens.

Friday night, work crews with cranes and shovels picked over the debris by floodlight as ghostly figures wandered the streets and campfires flickered in the rubble.

"It's totally outside my experience," said Peter Wilson, a London fire fighter who was part of the last foreign rescue team still camped over the weekend at the Leninakan airport.

Foreign doctors complained that they treat patients with the sophisticated medical equipment they had brought in.

By chance, thousands of Soviet troops were already in the region to enforce a state of emergency imposed after ethnic conflicts that broke out last month, the latest outburst in a 10-month territorial dispute with Azerbaijan.

But as of midweek the military seemed to view its role as maintaining order rather than taking part directly in the rescue.

Except for construction brigades sent to work on repairing rail and water lines, the soldiers in Spik and Leninakan seemed to be doing little but controlling access to the damaged areas, chasing looters and standing around campfires.

Later, when the civilian bureaucracy proved inadequate and occasionally obstructive, the army also stepped in to organize the distribution of hot food, drugs and tents and to generally supervise the deployment of men and vehicles. But not until the end of the week was there any systematic distribution of food to the smaller villages.

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PLO: 19 Days of Diplomatic Push and Pull With U.S.

(Continued from page 1)

brought a message from King Fahd urging Mr. Shultz to approve the Arafat visa.

The secretary had different ideas but did not reveal them to the Swedes or the Saudis. In making his decision on Mr. Arafat's visa, he told aides, he would focus on two issues: the U.S. laws giving him discretion to grant or deny the visa, and the intelligence and public record of PLO-related terrorism since Mr. Arafat denounced attacks against unarmed civilians in November 1985.

The surprise denial of the visa followed, Mr. Shultz later called it "a hard message" to "murderers."

On Dec. 2, in a dramatic rebuke to the United States, the UN General Assembly voted 154 to 7 to move its debate on Palestine to Geneva so Mr. Arafat could attend. Only the United States and Israel opposed the action.

Another consequence of the visa denial was to drive moderate Arabs in Saudi Arabia, Egypt and other capitals, as well as their supporters in Europe, nearly to desperation, generating new pressures on the PLO and United States to compromise.

The day of the UN vote, the Swedish ambassador, Count Wachtmeister, informed Mr. Shultz that despite the visa rebuff, Mr. Arafat had agreed to come to Stockholm from Dec. 6 to 7 to pursue the effort to establish a working relationship with the United States.

for discussions with President Ronald Reagan and President-elect George Bush. Both agreed, Mr. Shultz reported to aides, that if Mr. Arafat would make public the declaration he had authorized, the United States would respond by initiating a "substantive dialogue."

This word was passed back to Stockholm through Count Wachtmeister, and the State Department began planning for the expected Arafat statement and U.S. response.

Early the next morning, however, Mr. Arafat told the Swedes that he had second thoughts. He said he had been unable to reach all the members of the PLO Executive Committee overnight, and felt it was necessary to have their approval before taking such a step of far-reaching political significance.

Nevertheless, he said, he stood behind the words that he had drafted and signed a copy of them for presentation to Mr. Shultz, pledging that he would make the public declaration as soon as he could assure himself of solid backing.

At a news conference in Stockholm before leaving for Tunis on Dec. 7, Mr. Arafat made public and endorsed the joint statement that had been worked out by his aides and the American Jews two weeks earlier. But this wording fell considerably short of what he had secretly approved for dispatch to Washington. Mr. Shultz said at a news conference that based on reports from Stockholm, there was "still a considerable distance to go" before Mr. Arafat met the U.S. conditions.

On Dec. 12, the PLO sent an emissary to Stockholm to tell the Swedes that in the intervening five days, the PLO leadership had come around. The emissary said that "everyone" had agreed to meet the

U.S. requirements if it was certain the United States would respond. This, he said, would be made clear the following day in Mr. Arafat's speech in Geneva to the special General Assembly session.

Late on Dec. 12 in Washington, as press reports of a U.S.-PLO reconciliation began to appear, Mr. Shultz's executive assistant, M. Charles Hill, telephoned the Israeli ambassador, Moshe Arad, to provide notice of what was shaping up.

Mr. Arad telephoned Mr. Shultz later to seek clarifications on behalf of an unhappy Israeli government.

State Department officials in Washington monitored Mr. Arafat's speech in Geneva the following day, but they did not hear the clear statement of the PLO leader he promised. "Most of the words were in there, but it took detective work to ferret them out," said a senior State Department official.

Now the pressure mounted sharply on both Washington and the PLO. President Hosni Mubarak of Egypt telephoned Mr. Shultz on Wednesday morning to urge a U.S. recognition that the PLO had shifted its positions on Israel and terrorism.

Mr. Shultz, who was referred to by aides as "the bulldog" during this episode, said that the United States would respond if Mr. Arafat clearly met the U.S. conditions, but he showed no willingness to bend an inch in Mr. Arafat's direction.

In Geneva, the Swedish foreign minister, Mr. Andersson, mobilized his senior aides to join in the approach to Mr. Arafat and Mr. Shultz. Early Wednesday afternoon, an Andersson aide in Geneva dictated to Mr. Hjertqvist in Washington the words that Mr. Arafat was then preparing to speak at a news conference. Mr. Hjertqvist relayed the statement to Assistant Secretary of State Richard W. Murphy on another telephone line, passing ideas back and forth until both sides were satisfied that the statement would meet the U.S. conditions.

By 3:40 P.M. Washington time Mr. Arafat had spoken clearly, starkly and definitively in a press conference and Mr. Shultz had a transcript of Mr. Arafat's statement, as recorded and relayed by a U.S. diplomat in Geneva. About 4 P.M. Mr. Shultz talked the matter over with Mr. Murphy, his senior Middle East policy aide, and said of Mr. Arafat, "I think he's done it this time."

Mr. Shultz then telephoned General Powell, the national security adviser at the White House, and said of a U.S.-PLO dialogue: "I think we can say 'yes, do you?'"

General Powell replied, "It looks good to me, George," but said he wanted to consult Mr. Bush and others, even though he and Mr. Shultz had talked it over with Mr. Reagan several hours earlier. In a telephone call from the White House living quarters shortly after 5 P.M., Mr. Reagan accepted the Arafat statements as meeting the longstanding U.S. conditions and authorized resumption of U.S.-PLO discussions after 13 years.

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EUROBONDS

Dollar Could Buck Trend And Rise as 1988 Closes

By CARL GEWIRTZ International Herald Tribune

PARIS — If past performance is anything to go by, the dollar will weaken between now and the end of the year. Since the adoption of floating rates in 1973, the dollar has declined in the final two weeks in 12 of the 15 past years.

But judging by last week's performance, 1988 may be another exception. The dollar closed Friday at 1.7585 Deutsche marks, up 2 pfennig from a week earlier, and at 124.15 yen, up 1.5 yen.

Contrary to the fears expressed by many currency traders, the dollar last week shrugged off the disappointing news of a \$10.35 billion U.S. trade deficit for October and rallied on signs that the Federal Reserve will be obliged to push up interest rates to restrain inflation.

The rise in short-term rates eliminated any incentive to buy bonds.

Increases in administered rates by most major European central banks last week only faded expectations that the Fed will soon follow suit.

Such expectations served to push up the dollar. Currency dealers attributed the apparent illogic of the dollar rallying on rising short-term European interest rates — which ordinarily would make the dollar a less attractive investment — to the tremendous pessimism concerning the currency's outlook.

Although most professional traders have temporarily retired from the market to compile their year-end reports, dealers say that whatever business continued to be transacted had been to sell the U.S. currency. "The market is short dollars," said Roland Scharf, treasurer at Hessische Landesbank in Frankfurt.

BUT, ANTICIPATING that higher U.S. interest rates will enhance the dollar's attraction, these short sellers returned to the market last week to buy back the currency they had sold earlier, pushing up the rate.

Frankfurt dealers said the Bundesbank sold substantial amounts of dollars last week and still the currency rose — a good indication that the dollar had been heavily oversold and a measure of how the market is now a one-way street with speculators buying back dollars and only the central banks still willing to sell.

Tokyo dealers concurred, saying that anyone who wanted to sell dollars had already done so.

The Bundesbank's heavy selling last week to keep the dollar below 1.76 DM is seen as a reaffirmation that West Germany does not want the mark to weaken.

But technical analysts, who analyze chart patterns traced by the dollar's daily and weekly closing levels, ended the week optimistic.

Steven Blitz, an analyst at Salomon Brothers, described himself as "cautiously bullish" on the dollar. His daily charts had been signaling the dollar as a buy for the past two weeks but the weekly chart had not — until last week. Mr. Blitz said Friday that he would now expect the dollar to hit 1.78 DM and 126.8 yen before year-end.

Simon Crane, a British chartist, was more circumspect, saying that dollar's gains last week could simply be "an upside correction that could run out of steam and fall back." He said the dollar still had to break through some crucial levels before he could say it's headed for a sustained recovery.

For the Eurobond market, the week's events had a numbing effect. Apart from the fact that most investors have retired for the year, the rise in short-term rates in all market centers has diminished the attractiveness of long-term bonds. That is because the firming in short-term rates has not been accompanied by an increase in longer term rates — eliminating any incentive investors might have to buy bonds.

Last week, for example, investors could earn 5 13/16 percent on a six-month Eurobond deposit while Dresdner Bank was offering a coupon of 5 1/2 percent on its five-year Eurobonds. The European Coal and Steel Community and Union Bank of Finland proposed even lower terms as their issues. Each offered investors bonds with a coupon of 5 1/2 percent, priced at a premium over par.

The only DM issue to attract attention was an Amsterdam-

See EURO BONDS, Page 11

Currency Rates

Table with columns for Currency, Par \$, and Dec 16. Includes entries for Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Zurich, and various ECUs.

Table with columns for Currency, Par \$, and Dec 16. Includes entries for Argentina, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, and West Germany.

Table with columns for Currency, 30-day, 60-day, 90-day, and 30-day. Includes entries for Pound Sterling, Japanese yen, Deutsche mark, and various currencies.

Last Week's Markets

Table with columns for Stock Indexes, Money Rates, and Dec 16. Includes entries for FTSE 100, DJ Indus., DJ Ind. 100, DJ Trans., S & P 500, S & P Ind., NYSE Comp., Nikkei 225, West Germany, Commerzbank, Hansa Sano, and NSC/P.

Japan Chips Away at Supercomputers

U.S. Lead Fades With Pullback In Components

By David E. Sanger New York Times Service

TOKYO — Last summer, a group of leading computer science experts in the United States gathered to assess Japan's progress in supercomputers, the fastest calculating devices on earth.

They emerged envious and more than a little scared. Supercomputing is a science the United States invented, an industry that took 20 years to build. Japan has built its supercomputer industry in six years.

And as the panel looked ahead to the second-generation machines now emerging from Japan's three computer giants — Fujitsu Ltd., NEC Corp. and Hitachi Ltd. — any illusions that America had maintained its wide lead evaporated.

American manufacturers are still considered to hold the overall lead. But in terms of the typical speed Japan's supercomputers can achieve in an array of applications, only one measure of a supercomputer's utility, Japan is arguably ahead of the two main American powers in the field: Cray Research Inc. and the ETA Systems subsidiary of Control Data Corp.

That shift, the computer science experts concluded, was in large part an unforeseen consequence of America's gradual exit during the second half of the 1980s from manufacturing some important types of computer chips.

While the Japanese make their own high-speed components, American supercomputer makers increasingly find that their only choice is to buy critical parts in Japan — often from the same companies against which they compete.

If it chose, Japan could easily widen its lead by delaying American access to state-of-the-art technology. Within a few years, "U.S. firms would be most fortunate if they found themselves only a generation or so behind," the panel concluded.

For both countries, pre-eminence in the art of supercomputer making — with its mix of chip-making discipline, creative software and imaginative electronic design — is a matter of national pride and identity.

The supercomputer battle also raises some uncomfortable questions that few on either side of the Pacific want to address openly: Can the United States count on a steady flow of state-of-the-art technology from Japan, its



Toshio Hiraguri, general manager of computer systems at Fujitsu Ltd., with a display of a supercomputer component. Fujitsu is the leading manufacturer of supercomputers in Japan.

greatest military ally but also its greatest economic competitor? Can the Japanese continue to advance in supercomputers without help from the United States in software? Can the United States sustain its narrowing lead in the ab-

At home, a heated battle is under way for the rapidly expanding Japanese market. The competition has grown so intense that sometimes manufacturers discount their machines by 80 percent to install them in prestigious universities and research centers.

So far, Fujitsu, building on its huge mainframe business, is far in the lead. But NEC is capitalizing on its computer chip-making and software skills, and some still hold out hope for cash-rich Hitachi.

On a recent weekend in Tokyo, Toshio Hiraguri, the 53-year-old general manager of computer systems for Fujitsu, brought his large-

American supercomputer makers find that their only choice is to buy critical parts in Japan — often from the same companies against which they compete.

signs passenger cars or Stealth airplanes, cracks molecular structures or Soviet codes, builds nuclear power plants or nuclear weapons, pinpoints black holes in space or analyzes intelligence photographs.

Not everyone is as apocalyptic about the prospects for American supercomputer manufacturers as the panel of experts, which included academics, industry leaders and the head of the National Security Agency's supercomputer center.

While the Japanese have infused their processors with brute speed, the American supercomputer industry is still the master of the art of complex software and leads in the relatively new science of simultaneously attacking huge problems with multiple processors.

Japan and the United States have long understood the potential of supercomputer technology. In the early 1980s, American government sources said, the two countries negotiated a secret accord, still in force, to keep critical supercomputing technologies out of the hands of the Soviet bloc and some Third World nations.

problems of poverty and inequality are again on the nation's plate, in some ways in more virulent form than a quarter century before." In the early 1980s, American government sources said, the two countries negotiated a secret accord, still in force, to keep critical supercomputing technologies out of the hands of the Soviet bloc and some Third World nations.

Poverty: In U.S., the Poor Get Poorer

By Leonard Silk New York Times Service

NEW YORK — Next month, President-elect George Bush will presumably begin working toward his vision of a "kinder, gentler" America.

But last week, the plight of the homeless was underscored as bitter cold swept the Northeast and the annual winter count of the frozen-death began. The situation raises the question of whether the U.S. is indeed becoming a mass nation, whose social ills are intractably tied to its deepening economic divisions.

Why does the United States have the highest rate of poverty in the industrial world? The evidence is difficult to interpret. Data collected by the Census Bureau indicate that the gap between rich and poor in the United States has widened in the past decade.

According to an analysis of census data by the Economic Policy Institute, a Washington research center identified with liberal positions, the average family income of the poorest fifth of the population declined by 10.9 percent, adjusted for inflation, from 1979 to 1986. The average family income of the richest fifth of the nation increased by 13.8 percent.

Many economists, liberal and conservative, agree that the cuts in social programs, tax cuts, and mixture of big budget deficits and tight money brought about by the Reagan administration were all factors in the widening rift between rich and poor.

But even after extensive studies, the essential causes of poverty remain obscure. "Today, after eight years of scaling back, the

problems of poverty and inequality are again on the nation's plate, in some ways in more virulent form than a quarter century before." In the early 1980s, American government sources said, the two countries negotiated a secret accord, still in force, to keep critical supercomputing technologies out of the hands of the Soviet bloc and some Third World nations.

Whatever its causes, the productivity slowdown exacerbated the problems of what Lester Thurow, dean of the Sloan School of Management of the Massachusetts Institute of Technology, calls "the zero-sum society," in which gains for the rich mean absolute losses for the poor.

After some decline in the late 1960s, poverty is as high today as it was before President Lyndon Johnson's war on poverty began.

Some conservative economists continue to argue that the Johnson-era social programs ultimately did more harm than good and that there is little government can do to compensate for the damage that results from structural changes in the economy.

Yet some battles were won, and there is strong evidence that the demographic characteristics of poverty have changed. The most striking change has been the decline of poverty among the elderly. In 1959,

35.2 percent of the aged fell below the poverty line. In 1986, only 12.6 percent of the elderly were poor.

Another partial victory has been the reduction of the income gap between blacks and whites in some instances. In 1960, black men earned about 31 percent as much as whites, but by 1986 this ratio had increased to 73 percent, according to Mr. Haveman.

Yet by other measures, the income gap has expanded in the last decade. In a recent report, the Center for Budget and Policy Priorities, a nonpartisan research group, found that the median family income of blacks had declined in the last decade from 59 percent of that of whites to 56 percent. Among two-parent families, the black median was 84 percent of the white median in 1978 and 77 percent in 1987.

The picture is much worse for black families headed by women. The center estimated that female-headed black families had an average income of only \$9,710 in 1987, compared with \$17,018 for white families headed by a woman.

With the increasing number of single-parent households, children have come to have the highest poverty rate in the nation.

In the mid-1960s, poverty among children was no worse than for the population as a whole. Today children are 50 percent more likely to be living in poverty than is the population as a whole.

Most disturbing of all today is the growth of the so-called "underclass." This group is characterized by homelessness, long-term unemployment, and drug and alcohol addiction.

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Better Strategy On Debt Sought By World Bank

By Art Pine Los Angeles Times Service

WASHINGTON — The World Bank declared Sunday that the strategy that industrial nations have been pursuing to deal with the Third World debt problem was not working well enough, and it called for stepped-up efforts to spur more growth in indebted countries.

In its annual report on the world debt situation, the 151-country organization, whose mission is to help developing countries, said that although debtor nations have made some progress since the problem intensified in 1982, "an end to the debt crisis remains elusive."

The report blamed the fact that new lending by commercial banks has dried up during the past three years, which it said has stifled investment in developing countries, locking debtors into a vicious circle that prevents them from stimulating enough economic growth to attract new financing.

While stopping well short of advocating massive debt-relief schemes, the document recommended shoring up the current debt strategy by relaxing government rules and tax laws to enable commercial banks to write off more of their questionable loans.

It also called on commercial banks to pass along to debtor countries more of the savings they enjoy when they discount or write off these loans. And it urged debtor countries to intensify their efforts to restructure their own economies to make them more efficient.

The report censured the bank's strongest proponent on the debt situation so far. It marked the first time that a leading international institution has flatly said the current strategy is inadequate. Most other governments and international lending agencies have been more muted in their criticisms.

The current debt strategy, outlined in 1985 by James A. Baker 3d, then secretary of the U.S. Treasury, calls for commercial banks to increase lending to help debtor countries finance growth. In return, the debtors were to put their economic houses in order.

The plan was initially hailed as a political breakthrough, and it succeeded for more than two years in warding off unrest among debtors. But commercial banks, wary of increasing their exposure, essentially stopped further new lending, and the process began to bog down.

New Third World loans in 1988 came to only \$7.5 billion, with \$5.2 billion of that going to Brazil, the biggest Third World debtor. Reuters reported.

Over the past few months, France and Japan have called for major changes in global debt strategy, and even the Soviet Union has proposed extending or writing off some of the loans.

In part because of the pullback by commercial banks, the World Bank has been taking on a growing proportion of total lending to Third World debtors.

As a result, the debt balance has shifted to the point where developing countries are repaying about \$43 billion more a year to creditors than they are receiving in new loans.

The World Bank report estimated the total debt owed by Third World countries will swell to \$1.3 trillion next year, up 3 percent from current levels. By contrast, when the debt "crisis" erupted in 1982, the figure was \$831 billion.

Analysts Say Pillsbury May Have to Strike Deal

CHICAGO — Although the Pillsbury Co. is expected to appeal a Delaware Chancery Court decision blocking its "poison pill" defense, analysts said the ruling will put pressure on the company to settle with its hostile bidder, Grand Metropolitan PLC.

"I think Pillsbury would have an obligation to chum up" to Grand Met, said Steven Carnes, an analyst at Piper Jaffray & Hopwood.

Pillsbury's poison pill has blocked Grand Met from completing its \$5.49 billion buyout. About 88 percent of Pillsbury shares have tendered.

A Pillsbury spokesman had no comment on the ruling, issued Friday, or on whether the food and restaurant company planned to appeal.

In his ruling, Judge William Duffy issued a preliminary injunction blocking the poison pill, which he said serves "no purpose under the facts of this case other than to preclude shareholder acceptance of the offer." Judge Duffy also called Grand Met's offer of \$63 a share "fair and adequate."

Pillsbury has said its investment advisors value the company at \$68 to \$73 a share.

Judge Duffy also issued a preliminary injunction halting the Burger King spin-off to shareholders, which was scheduled for Monday.

Pillsbury proposed the spin-off as the first part of a restructuring plan in response to Grand Met's bid. But the plan attracted opposition from franchisees, who said it

left Burger King with too heavy a debt load.

John McMillin, an analyst at Prudential-Bache called the Burger King ruling "just another nail in the coffin."

A New York arbitrator agreed. "They lost," he said of Pillsbury. "They bet the company and lost."

Analysts noted that Pillsbury stock, which closed down 37.5 cents on Friday at \$62.25, could rebound if the company enters into negotiations with Grand Met.

"Maybe we'll get it back up to \$63 a share," the New York arbitrator said. "The next step is to wait and see whether they will negotiate."

Mr. Carnes said he expected the two sides to strike a deal by midweek — before Grand Met's tender expires on Dec. 23.

"Pillsbury has one bargaining chip in their pocket — to agree not to appeal," he said. As an appeal to the Delaware Supreme Court could prolong the takeover battle 30 to 60 days more.

"Grand Met might go up to \$66 a share in return for a no-appeal. That's where it all comes together," he said.

Grand Met said in a statement it was pleased with Friday's ruling and called for Pillsbury to enter into negotiations to conclude the transaction.

"We call upon Pillsbury's board and management to enter into constructive discussions with us. We are fully prepared to work with them so that we can move forward immediately and make Pillsbury a better more profitable company," the Grand Met statement said.

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Dollar Straights

Issuer	Con	Mat	Price	Yld	Snd
Aust Com Bk	10	10/96	126.136	+136	
Australia	11	9/96	102.114		
Austria	11	9/96	102.114		
Austria Contr	12	9/96	102.114		
Canada	13	9/96	102.114		
Canada Govt	14	9/96	102.114		
Canada Prov	15	9/96	102.114		
Denmark	16	9/96	102.114		
France	17	9/96	102.114		
Germany	18	9/96	102.114		
Italy	19	9/96	102.114		
Japan	20	9/96	102.114		
Netherlands	21	9/96	102.114		
Spain	22	9/96	102.114		
Sweden	23	9/96	102.114		
Switzerland	24	9/96	102.114		
UK	25	9/96	102.114		
USA	26	9/96	102.114		

DM Straights

Issuer	Con	Mat	Price	Yld	Snd
Austria	11	9/96	102.114		
Canada	13	9/96	102.114		
Denmark	16	9/96	102.114		
France	17	9/96	102.114		
Germany	18	9/96	102.114		
Italy	19	9/96	102.114		
Japan	20	9/96	102.114		
Netherlands	21	9/96	102.114		
Spain	22	9/96	102.114		
Sweden	23	9/96	102.114		
Switzerland	24	9/96	102.114		
UK	25	9/96	102.114		
USA	26	9/96	102.114		

DM Zero Coupons

Issuer	Con	Mat	Price	Yld	Snd
Australia	11	9/96	102.114		
Canada	13	9/96	102.114		
Denmark	16	9/96	102.114		
France	17	9/96	102.114		
Germany	18	9/96	102.114		
Italy	19	9/96	102.114		
Japan	20	9/96	102.114		
Netherlands	21	9/96	102.114		
Spain	22	9/96	102.114		
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DM Straights

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Denmark	16	9/96	102.114		
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Mutual Funds

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Japan	20	9/96	102.114		
Netherlands	21	9/96	102.114		
Spain	22	9/96	102.114		
Sweden	23	9/96	102.11		

New International Bond Issues

Compiled by Bassam Atouf

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price and week, Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

Banking Dispute Ends BNP Perpetual Note Issue

By Carl Gewirtz

International Herald Tribune PARIS — A high-stakes poker game involving the French Finance Ministry, two leading French state-owned banks and a panel of international banking supervisors moved into the open last week...

new \$150 million issue, it can overcome the supervisors' objections.

The new wording, in essence, allows the bank to reduce the principal amount of the capital notes if operating losses cause a cut in the net worth of the bank. However, the wording will not harm noteholders because the amount of interest payable on the notes will not be affected by any writedown in the nominal value of the securities...

tra and Hachette SA were proceeding without difficulty.

Matra, an electronics maker, will increase its capital base by \$250 million and the Hachette publishing house will raise \$200 million. Interest on both issues is set at 1.1 percentage points over the London interbank offered rate for 15 years.

Gefina is now seeking a credit facility of 2.15 billion francs.

The seven-year credit is composed of a main facility of 1.75 billion francs and a line of 400 million francs that will be used to service the loan during the first two years.

J.P. Morgan is also arranging a \$100 million Euro-CP program for Fuji International Finance (Australia) Ltd.

In the sterling market, Barclays de Zoete Wedd, the merchant banking arm of Barclays, has arranged a £200 million commercial paper program for S&W Berisford PLC.

American Exchange Options

Table with columns: Option & price, Calls, Puts. Includes sub-sections for Dec 16 and Dec 19.

EUROBONDS: Dollar Could Firm as 1988 Closes

(Continued from first finance page) Rotterdam Bank offering of 250 million DM of 10-year floating rate notes bearing interest of 1/16 percentage point over the London interbank offered rate.

The advantage to the banks is an interest rate margin of 1/4 percentage points on the floaters compared with 3/4 percentage point on the rescheduled bank debt.

Venezuela raised \$500 million by selling equal amounts of six-year, 10-year and 15-year notes bearing interest of 1 1/4 percentage points over Libor.

Trade Data Pressures Bond Prices

United Press International NEW YORK — Disappointment over the latest U.S. trade deficit figures sent bond prices lower last week, although a dollar rally helped the credit markets overcome the worst of the losses.

COMPUTERS: Japan Makes Advances in Market

(Continued from first finance page) NEC, which dominates the personal computer market here but has little experience with large machines, has sold only 23 of its SX-A series of supercomputers.

In coming months, however, the competition is bound to get more heated. On Dec. 6, Fujitsu introduced its newest generation of machines, Japan's biggest jump yet in a never-ending game of leapfrog.

But preannouncement rumors had promised something even better, and attention now turns to NEC, to see whether it can top Fujitsu's latest feat.

U.S. CREDIT MARKETS

\$10.35 billion in October from a revised \$10.67 billion in September. October's figure was near the high end of market expectations, causing some disappointment among dealers.

WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam The stock exchange had a fairly quiet week, and prices moved up slightly on average, in some cases assisted by takeover rumors.

Frankfurt Stock prices lost some ground last week, although the trend firming after the decision by the Bundesbank and some other European central banks to raise certain key interest rates.

Milan Stock prices were little changed, although volume was slightly higher as the daily average rose to 36 million shares, against 30 million the previous week.

London After an initial fall, stocks finished higher. The 100-share Financial Times-Stock Exchange index finished the week at 1,773.9, against 1,750.7 a week earlier;

Paris Trading was directionless in Paris, and operators said the holiday period seemed to have begun early. The CAC price index finished at 393.4, slightly below the previous Friday's 394.2.

Zurich The Zurich market was in a somber mood during the latter part of the week after interest rates rises in Europe, which spread to Switzerland on Friday.

Hong Kong Prices fell in sluggish trading on the Hong Kong exchange, with investors showing traditional pre-Christmas caution.

Singapore Trading was lethargic last week, with hotel and property stocks the only stocks generating much interest.

Treasury Bonds Table with columns: Maturity, Bid, Ask, Yield, Change. Includes dates Dec 16 and Dec 19.

U.S. Consumer Rates Table with columns: Rate, Dec 16, Dec 19. Includes Treasury, Money Market Funds, and Bank Money Market Funds.

Don't miss the December issue of Euromoney

Advertisement for Euromoney magazine. Includes text: 'Why the Euromarket is ready for junk bonds.', 'Japanese banks prepare to storm Europe ahead of 1992.', 'Private placements - more lucrative, more secretive, and more of them.'

EUROMONEY ORDER FORM. Includes fields for Name, Job Title, Company, Address, City, Country, Post/Zipcode, and a section for Annual subscription rates.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table of NASDAQ National Market data, including columns for Sales, High, Low, Close, and Net Change for various stocks.

Chicago Exchange Options

Figures as of close of trading Friday, Dec. 16

Table of Chicago Exchange Options data, including columns for Option price, Calls, and Puts for various contracts.

Euromarts At a Glance

Table of Euromarts At a Glance data, including columns for Eurobond Yields and Weekly Sales.

Wall Street Review

Table of Wall Street Review data, including columns for NYSE Most Actives, AMEX Most Actives, NYSE Sales, and AMEX Sales.

A Hero from Zero

Multiple quotes from letters received by the Board of Lonrho, praising the book 'A Hero from Zero' and the author Mohammed Fayed.

A HERO FROM ZERO The story of the takeover of Harrods by Mohammed Fayed

Over 60,000 illustrated copies of the English edition of A Hero from Zero have been distributed and it is now also available in French and Arabic.

Form for requesting a free copy of the book, including fields for Name, Address, and Postcode.

MONDAY SPORTS

Eagles Beat Cowboys, Win NFC East's Championship

The Associated Press IRVING, Texas — Randall Cunningham's two touchdown passes and a ball-hawking defense that intercepted Steve Pelluer three times Sunday gave the Philadelphia Eagles a 23-7 victory over the Dallas Cowboys and the National Football League's NFC East Division title.

The New York Giants' loss to the New York Jets left the Eagles and Giants tied with 10-6 records. The Eagles won their first division



Stanley Morgan, a wide receiver for the New England Patriots, held onto the ball despite a booming tackle by Tyrone Braxton of the Denver Broncos.

positioned the Eagles for the 12-yard scoring pass to tight end Jackson after Cunningham had thrown a 41-yard pass to Quick. Jets 27, Giants 21: In East Rutherford, N.J., Al Toon's five-yard touchdown catch with 37 seconds to play ended the Giants' hopes of winning the NFC East.

The Jets had led most of the game until Phil Simms rallied the Giants into a 21-20 lead with 4:54 remaining. Simms, who threw for three touchdowns, passed nine yards to Lionel Manuel for their team's first lead.

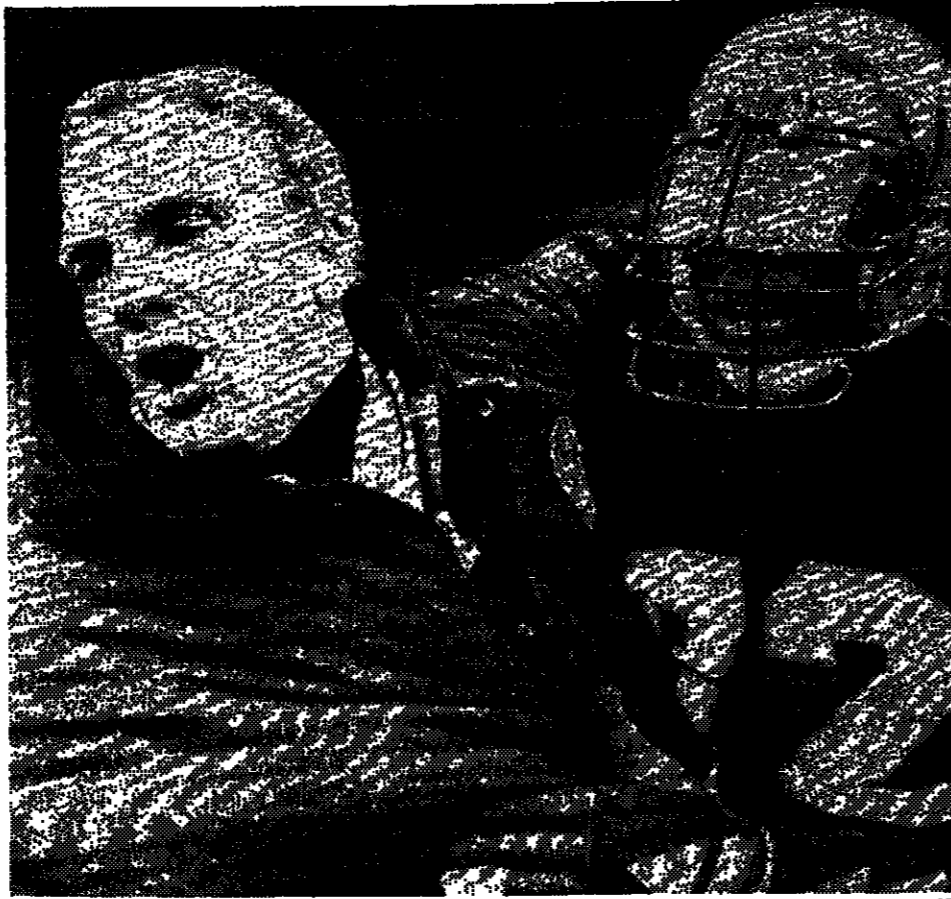
NFL ROUNDUP

title since 1980 because they swept the two games against the Giants. They will be making their first appearance in the playoffs since 1981. Cunningham passed for touchdowns of 12 yards to Keith Jackson and 15 to Mike Quick and Luis Zendejas kicked field goals of 37, 27, and 27 yards against the Cowboys. After Herschel Walker's one-yard scoring run gave Dallas a 7-0 lead in the first period, safety Wes Hopkins steadied the defense with two interceptions. His second

deficit in the first half to win their Walworth Classic. Paul Graham got 26 points for the Bobcats (3-4). Georgia Tech 69: In Atlanta, Alec Kessler's 23 points helped the Bulldogs (5-2) upset the first-ranked Western Carolina, with the turning point a 17-2 burst early in the second half. Brian Oliver scored 23 for Tech (4-1).

Florida State 78, Penn State 71: In State College, Pennsylvania, Tony Dawson's 29 points and George McClood's 21 gave the No. 12 Seminoles (6-0) their best start in 11 years. Ed Fogel got 20 points and 13 rebounds for the Nittany Lions (3-2).

Ohio State 104, Dayton 76: In Dayton, Ohio, Jay Symon scored 24 points and Perry Carter 23, with a 22-yarder to Webster Slaughter that kept Dayton set up for a game-winning 17-2 burst in the fourth quarter. Earnest Byner scored twice in that half.



Head coach Sam Wyche of the Bengals was congratulated with a hug by lineman Skip McClelland.

N. Carolina Routs UCLA as Reid Returns

The Associated Press CHAPEL HILL, North Carolina — All-America J.R. Reid, having missed six weeks of the U.S. college basketball season with a stress fracture in his left foot, sparked a first-half burst Saturday as North Carolina, ranked No. 8 in

9-1, ahead by 26-10. That put UCLA, 4-1, on route to equaling its third-worst defeat ever. Reid entered with 4:19 gone in the game. The Tar Heels then overwhelmed the Bruins with a man-to-man pressure defense, forcing four turnovers and holding the visitors scoreless for 4 1/2 minutes.

COLLEGE BASKETBALL

The Associated Press THE ASSOCIATED PRESS, routed No. 20 UCLA, 104-77. Reid played pretty well considering I was out of shape a little bit," said the 6-foot, 9-inch (2.05-meter) forward, who had last played in a game in the Olympics in Seoul. "I was just trying to do the things I was supposed to do: play hard defense, get the ball in the post, score down low," he said. "I was basically going in to play defense today. I wasn't trying to force any offense."

UCLA's Trevor Wilson said, "We just didn't execute what we were supposed to do when the game started." North Carolina led at the half, 55-36. UCLA never got within 15 points in the second half. Jeff Lebo's 18 points led the Tar Heels in scoring, with four teammates in double figures. Jerome Richardson had 21 for UCLA. Syracuse 95, Cincinnati 69: In Syracuse, N.Y., Sherman Douglas got 23 points as the No. 3 Orange (10-0) beat Canisius (1-3) for the 13th straight time since 1974. But Syracuse was held under 100 for the first time in five games. Georgetown 74, DePaul 64: In Landover, Maryland, Charles Smith

scored a career-high 37 points as the No. 5 Hoyas (6-0) beat DePaul (5-4) a fifth straight time. Smith, a senior who started for the U.S. Olympic team, scored the Hoyas' last 16 points after DePaul, trailing by 13 in the first half, had closed to 62-58 with 5:41 to play. Star freshman Alonzo Mourning had 19 points, 8 rebounds and 8 blocked shots. Illinois 105, Tennessee Tech 77: In Champaign, Illinois, Lowell Hamilton's 18 points led the No. 6 Illini (7-0), while Earl Wise scored 27 for the Golden Eagles (2-6). Oklahoma 136, Loyola Marymount 103: In Norman, Oklahoma, Mookie Blaylock tied his NCAA record with 13 steals and scored a career-high 31 points for the No. 7 Sooners (6-1), with Stacey King adding 28 points and 23 rebounds. Seven players got at least 20 points in the game between the Sooners and the Lions, (1-3), two of the highest-scoring college teams. Missouri 113, Ohio 85: In Columbia, Missouri, Doug Smith scored 31 points as the No. 10 Tigers (9-2) rallied from a nine-point

Historic Davis Cup For West Germans

Compiled by Our Staff From Dispatches BONN — West Germans awoke Sunday to banner headlines proclaiming a historic Davis Cup triumph in Sweden. Bild am Sonntag carried a massive five column headline proclaiming "We are the Kings of Tennis" following the decisive doubles victory Saturday when Boris Becker and Eric Jelen fought back in Göteborg to beat Stefan Edberg and Anders Jarryd, 3-6, 2-6, 7-5, 6-3, 6-2.

That gave their team an unbeatable 3-0 lead over the favored defending champion, Sweden. West Germany had won the Davis Cup title for the first time. Bild am Sonntag backed up its headline with four full inside pages on the triumph. The Express called it "the greatest day in the history of German sport."

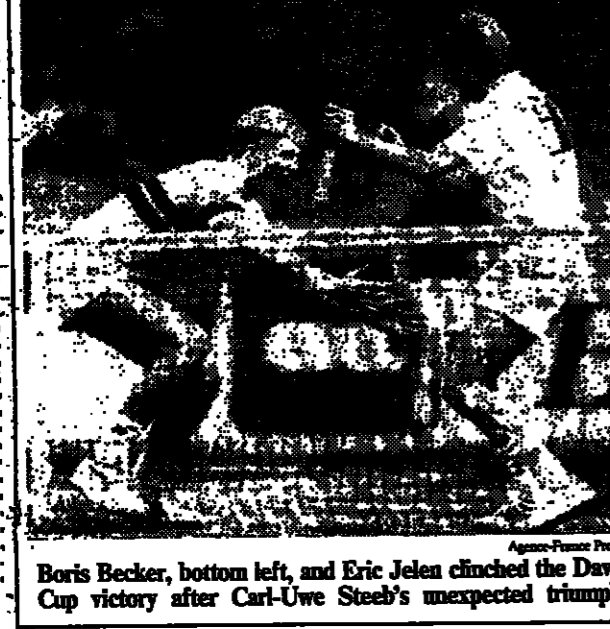
The only criticism was directed at television: Both national channels had telecast only highlights, since exclusive rights to the final had been bought by a private satellite channel serving only six million subscribers. The Swedes salvaged one victory Sunday when Edberg beat Carl-Uwe Steeb, 6-4, 8-6, in a match which, having become meaningless, was shortened to best-of-three sets. But Mats Wilander pulled out of his reverse



Boris Becker, bottom left, and Eric Jelen checked the Davis Cup victory after Carl-Uwe Steeb's unexpected triumph.

"I don't know what went wrong," he said. "When you start losing your serve, you get tense. I tried to change my serve from the third set, but it didn't work. But at the same time they started to return so much better." Edberg, the only player who never lost his serve, said that with "a little bit of luck we would have won it in three sets."

"But they played well for a couple of games and they won the third set. Then it was pretty tight in the fourth. We came back to 3-all, but from then on the Germans took over. They played very confident and everything was going for them." (AP, AP, UPI, Reuters)



Clancy, a Blue Jay Original, Leaves

Clancy, a Blue Jay Original, Leaves

The Associated Press TORONTO — Jim Clancy did it for the money. The right-handed pitcher, one of the original Toronto Blue Jays, has joined the Houston Astros, signing a three-year contract worth \$3.45 million. Houston "guaranteed the third year. If they hadn't come up with that much guaranteed, I probably would've come back to Toronto."

He had played 12 seasons with the Blue Jays, dating back to the club's first year in 1977. Clancy, 33, has a 128-104 career record, with a 4.10 earned-run average. He made 3900,000 last season. Clancy, 11-13 in 1988 with a 4.49 ERA, will get

\$1.15 million in each of the next three seasons and can earn an additional \$25,000 each year for appearing in 30 or more games and another \$25,000 for pitching 200 or more innings. Elsewhere, the Philadelphia Phillies acquired backup catcher Steve Lake and outfielder Curt Ford from the St. Louis Cardinals for outfielder Milt Thompson. Lake, 31, batted .278 in 36 games for St. Louis last year. Ford, 28, led the Cardinals in pinch-hits with nine and knocked in nine runs. He batted .389 as a pinch hitter with a .450 on base percentage. Thompson, 29, hit .285 overall and .395 for a pinch

SCOREBOARD

Table with columns for Eastern Conference, Western Conference, and National Hockey League Standings. Includes sub-sections for BASKETBALL and HOCKEY.

SCOREBOARD

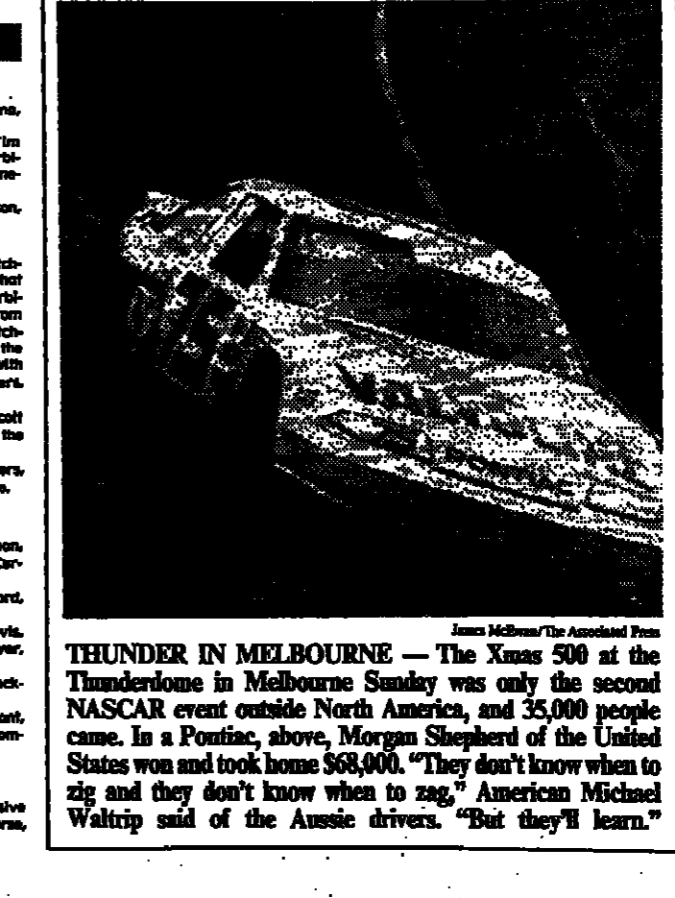
Table with columns for Selected College Results, National Hockey League Standings, and Soccer. Includes sub-sections for BASKETBALL, HOCKEY, and SOCCER.

SCOREBOARD

Table with columns for National Hockey League Standings, Soccer, and Skiing. Includes sub-sections for HOCKEY, SOCCER, and SKIING.

SCOREBOARD

Table with columns for Soccer, Skiing, and Transition. Includes sub-sections for SOCCER, SKIING, and TRANSITION.



THUNDER IN MELBOURNE — The Xan X500 at the Thunderdome in Melbourne Sunday was only the second NASCAR event outside North America, and 35,000 people came. In a Pontiac, above, Morgan Shepherd of the United States won and took home \$68,000. "They don't know when to zig and they don't know when to zag," American Michael Waltrip said of the Aussie drivers. "But they'll learn."

سكزانت الاصل

